

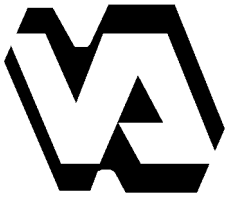
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## *General*

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# **2006 Budget Highlights**

## **Summary**

- The 2006 President's budget for the Department of Veterans Affairs (VA) provides approximately \$70.8 billion for veterans' benefits and services: \$33.4 billion in discretionary funding and \$37.4 billion for entitlements. This budget supports a continued focus on health care needs of VA's core group of veterans – those with service-connected disabilities, veterans with lower incomes, and those with special health care needs. With the budget increase in medical care, access to medical facilities for severely disabled veterans is expected to improve. The 2006 submission for Medical Care includes policy changes to assure sufficient resources are available to continue timely, high quality health care to all enrolled veterans and to support the focus on core mission veterans. These significant new initiatives include: 1) assess an annual enrollment fee of \$250 for all Priority 7 and 8 veterans; 2) increase pharmacy co-payments from \$7 to \$15 for veterans who have a greater ability to absorb these co-payments – Priority 7 and 8 veterans; 3) eliminate co-payments for veterans receiving hospice care and former Prisoners of War; and 4) allow VA to pay for emergency room care received in non-VA facilities for enrolled veterans. The total VA request for discretionary programs (with collections) provides for an increase of \$880 million, or 2.7 percent, over last year's funding level.
- This budget includes \$750 million in new construction funding for VA's nationwide infrastructure initiative (CARES) to ensure that VA can put services where veterans live. Funds are included in the Veterans Benefits Administration to sustain progress made under the Secretary's priority of improving timeliness and accuracy of claims. In addition, \$289.7 million is requested in discretionary funding for VA's burial programs. This burial request will support a growing workload at existing cemeteries, and provide funding for land acquisition costs associated with the establishment of six new national cemeteries as directed by Public Law 108-109. The new cemeteries are to be located in the Bakersfield California area; the Birmingham, Alabama area, the Columbia/Greenville, South Carolina area; the Jacksonville, Florida area, the Sarasota County, Florida area; and the southeastern Pennsylvania area. These locations were identified as the areas in most need of a cemetery to serve

veterans and their families by a report directed by the Veterans Millennium Health Care and Benefits Act.

- The resources requested in the 2006 budget will enable VA to successfully address the three highest priorities of this Department:
  - Provide timely, high-quality health care to our core constituency – veterans with service-connected disabilities, those with lower incomes, and veterans with special health care needs;
  - Improve the timeliness and accuracy of claims processing; and
  - Ensure the burial needs of veterans and their eligible family members are met, and maintain veterans' cemeteries as national shrines.

## Highlights by Major Component

- **Medical Care Business Line.** The 2006 President's budget includes total budgetary resources of \$30.7 billion (including \$2.6 billion in collections) for the Medical Care business line, an increase of 2.5 percent over the 2005 estimate. With these resources, VA will be able to provide timely, high-quality health care to nearly 5.2 million unique patients. The request reflects a comprehensive set of legislative, regulatory, and management proposals that will continue to concentrate VA's health care resources to meet the needs of our highest priority veterans—those with service connected conditions, those with lower incomes, and veterans with special health care needs. This set of proposals reduces the 2006 resource request by an estimated \$1.7 billion in appropriation.
- VA will continue to bring balance back to its health care system priorities by remaining focused on meeting the needs of our highest priority veterans. The number of patients within this core service population that we project will come to VA for health care in 2006 will be 7.8 percent higher than in 2004. By highlighting our focus on our core constituency, we will continue to produce the desired change in the composition of the veteran population that uses our health care services. During 2006, 71 percent of those using VA's health care system will be veterans with service-connected conditions, those with lower incomes, and veterans with special health care needs. The comparable share in 2004 was 66 percent. In addition, we devote 87 percent of our health care resources to meet the needs of these veterans. Due to their advancing age and multiple medical problems, our highest priority veterans require much more extensive care requiring significantly more resources, on average, than lower priority veterans.

- The 2006 budget request assumes that enrollment of new Priority 8 veterans will remain suspended. To further address the increasing health care workload and to ensure that VA continues to provide timely, high-quality health care to our core population, the budget request includes policy proposals focused primarily on veterans with comparatively higher incomes. These proposals would require lower priority veterans to assume a greater share of the cost of their health care and include the following: assessing an annual enrollment fee and changing the veteran's share of the pharmacy co-payments. While veterans with higher incomes will pay enrollment fees and higher pharmacy co-payments, the budget eliminates co-payments for veterans receiving hospice care and for former Prisoners of War. In addition, the budget includes a provision that allows VA to pay for emergency room care received in non-VA facilities for enrolled veterans.
- VA intends to complete a review of its long-term care infrastructure, comparing projected demand against capacity. The 2006 budget temporarily halts grants to fund construction of new state extended care facilities to ensure that future construction aligns with the results of this review. The budget also includes a long-term care policy that will provide the full spectrum of long-term care service to service-connected and catastrophically disabled veterans with special needs, while continuing to provide post-hospitalization care, hospice care, respite care and non-institutional care to all enrolled veterans. To ensure consistency, these policies will be adopted throughout VA, community, and state homes.
- VA's 2006 budget request focuses on the Secretary's priority of providing timely and accessible health care that sets a national standard of excellence for the health care industry. To address this priority, the Department has set a 2006 performance goal of 94 percent for the share of primary care appointments that will be scheduled within 30 days of the desired date. For appointments with specialists, the comparable performance goal is 93 percent.
- There is an increase of \$975.2 million to support our focus on community-based health care for our core population. These resources are required to meet the changing health care demands that reflect veterans' increasing reliance on pharmaceuticals; the aging of World War II and Korean Conflict veterans, many of whom are in greater need of health care; and helping to ensure the outcome of high veteran satisfaction with VA health care delivery. Of the \$975.2 million increase, \$1.4 billion is required for payroll and inflation changes over the 2005 estimate to support the Medical Care business line.

- The budget request includes additional management savings of \$590 million in 2006 that will partially offset the overall cost of health care. These savings will be achieved through improved standardization policies in the procurement of supplies, pharmaceuticals, and other capital purchases, as well as in other operational efficiencies.
- The budget provides capital investment resources of \$750 million necessary to ensure VA's infrastructure is adequate to support the delivery of quality health care. Within this level of funding, VA is aggressively moving forward with major and minor projects identified through the Capital Asset Realignment for Enhanced Services (CARES) process. This request supports the national CARES decision document released by the Secretary in May 2004. The CARES process is the most comprehensive, system-wide approach to, and ongoing process for, identifying the demand for VA care and projecting into the future the appropriate function, size, and location of VA facilities. The CARES plan will ensure that VA is a health care system that balances the need for acute inpatient capacity to meet the needs of aging veteran enrollee population, the growing demands for outpatient services, and rehabilitation needs of special disability populations such as veterans with spinal cord injury, blindness, and traumatic brain injury. This investment is critical to optimize future investments in infrastructure and redirect funding to critical health care needs.
- VA's cooperative efforts with DoD continue to improve the health care delivery services of both agencies in support of the President's Management Agenda and Congressional mandates. The Departments have improved cooperation in a variety of areas through the VA/DoD Joint Executive Council (JEC) structure. VA and DoD plan to further institutionalize the VA/DoD partnership through accelerating joint capital asset planning; combining separate VA and DoD hi-tech medical equipment contracts and beginning joint purchases; converting Distribution and Pricing agreements to VA's Federal Supplies Schedule; continuing joint procurements for pharmaceuticals; and developing interoperable electronic medical records.
- **Medical and Prosthetic Research Business Line.** Overall, 2006 resources are estimated to be \$1.7 billion for VA research which is a \$49 million increase from the 2005 level. This funding level is comprised of \$786 million in direct appropriation request, a \$662 million estimate of non-VA federal grant resource support, and \$204 million in other non-federal grant funding support. VA R&D's primary focus is to more appropriately target research projects that address the special health care needs that are prevalent in the veteran patient population. This includes research on military occupational and environmental exposures, military service-related limb loss, acute and traumatic injury, aging, mental illness, diabetes, cancer, and other diseases. Also included is research on special populations of veterans such as those with spinal cord injury and those that are blind or visually impaired.

- **Veterans Benefits Administration.** The Department's 2006 budget request includes \$37.4 billion for the entitlement costs associated with all benefits administered by the Veterans Benefits Administration (VBA). This total includes an additional \$812 million for disability compensation payments to veterans and their survivors for disabilities or diseases incurred or aggravated while on active duty. Recipients of these compensation benefits will have increased from 2.62 million in 2001 to 2.92 million in 2006.
- The President's budget request includes another \$1.26 billion for the management of the following benefits programs—disability compensation; pensions; education; vocational rehabilitation and employment; housing; and life insurance. This total is \$77 million, or 6.5 percent, over the 2005 level. In addition to these resources, \$125 million will be made available to VBA (through a transfer of funds from medical care) for compensation claims processing as a result of the enactment of the Emergency Hurricane Supplemental Appropriation Act (Public Law 108-324) and the Consolidated Appropriations Act, 2005 (Public Law 108-447). Of this total, \$75 million will be used during 2005 and the remaining \$50 million in 2006 to address an increased volume of compensation claims.
- As a Presidential initiative, improving the timeliness and accuracy of claims processing remains the Department's top priority associated with our benefits programs. Last year the timeliness of our disability compensation and pensions claims processing improved by 9 percent (from 182 days in 2003 to 166 days in 2004). While we were successful in reducing the time it takes to process claims for compensation and pension benefits, we were not able to improve timeliness as much as we had projected at the beginning of the year. Entering 2004, VA was well positioned to meet our performance goals pertaining to the timeliness of processing claims. However, a September 2003 decision by the Federal Circuit Court in the case of the *Paralyzed Veterans of America et. al. v. the Secretary of Veterans Affairs* required VA to keep veterans' claims open for 1 year before making a decision to deny a claim. As a result, decisions on over 62,000 claims were deferred, many for as much as 90 days. While the President signed correcting legislation in December 2003, the impact of the court decision in the early portion of 2004 was substantial, as the number of pending claims had grown dramatically. VA made significant progress during the last half of the year, but we were not able to fully overcome the negative effects from this court decision on our claims processing timeliness.
- **Burial Program** The budget requests \$170.6 million for burial benefits, and \$289.7 million and 1,566 direct FTE for the administration of the burial program. The Burial Administration request consists of \$156.4 million for NCA operations and maintenance, \$11.0 million for the processing of burial benefits by Veterans Benefits Administration, \$90.3 million in construction funding and



\$32 million for the cemetery state grants program. The Administrative request will provide funding for an additional 13 NCA FTE to address growing workload at existing cemeteries. Included in the construction request are funds for land acquisition costs associated with the establishment of six new national cemeteries as directed by Public Law 108-109. The new cemeteries are to be located in the Bakersfield, California area; the Birmingham, Alabama area, the Columbia/Greenville, South Carolina area; the Jacksonville, Florida area, the Sarasota County, Florida area; and the southeastern Pennsylvania area. These locations were identified as the areas in most need of a cemetery to serve veterans and their families by a report directed by the Veterans Millennium Health Care and Benefits Act. Funds are also provided for the expansion of the Fort Rosecrans Annex at Miramar, California.

- **General Administration.** Budget authority of \$330.5 million and 2,782 FTE are requested to support the General Administration activity in 2006. Of this amount, no more than \$5.6 million is available for construction activities. Realigning this funding within the General Administration account to support staff office construction is consistent with the agency's budget account restructuring effort. The budget request is \$29.8 million above the 2005 enacted level. This request will provide funding for the following requirements and initiatives: the agency's e-payroll initiative; increased costs for department-wide IT initiatives for the staff offices, including cyber security; expenses related to the requirement to move out of the Lafayette building due to a GSA renovation project; and increased rent costs in the Washington D.C. area, as required by GSA. In total, the General Administration account, along with \$352.5 million in estimated reimbursements, will provide for a total obligational authority of \$682.9 million and 2,782 FTE in 2006.
- **Office of the Inspector General.** Budget authority of \$70.9 million and 468 FTE are requested to support the activities of the Office of the Inspector General (OIG) in 2006. Of this amount, no more than \$732 thousand is available for construction activities. The budget authority together with \$3.3 million in estimated reimbursements will provide for total gross obligations of \$74.2 million in 2006. This budget authority will assist the OIG in overseeing the quality of health care services rendered our veterans, identifying internal control vulnerabilities in benefit payment processes and detecting fraud through extensive review and analysis of VA databases and matching initiatives.
- **Departmental Information Technology (IT) Oversight.** The Secretary has centralized the critical components of the Department's information technology (IT) program, including authority, personnel, and funding, in the Office of the Chief Information Officer. This realignment will serve to strengthen the IT program overall and ensure that our efforts remain focused on building the

infrastructure needed to better serve our Nation's veterans. This will establish a more disciplined and consistent approach to the Department's IT activities and will help ensure that all IT projects throughout VA are developed in a manner consistent with our One VA Enterprise Architecture. The 2006 budget again places a strong emphasis on improving our cyber security at all VA locations. We will concentrate on securing the Enterprise Architecture and providing continuous protection to all VA systems and networks. This will require purchases of both hardware and software to address existing vulnerabilities.

## **Leadership Initiatives and Management Improvements**

### **VA Executive Board and Strategic Management Council**

Senior VA leadership communicates regularly to improve performance and increase accountability. In May 2001, the Secretary established two leadership forums to provide a more integrated and collaborative governance, performance review, and decision-making process. The VA Executive Board (VAEB), chaired by the Secretary, includes the Deputy Secretary, Chief of Staff, General Counsel, and Under Secretaries for Health, Benefits, and Memorial Affairs. The Strategic Management Council (SMC), chaired by the Deputy Secretary, includes the six Assistant Secretaries; the Deputy Under Secretaries for Health, Benefits, and Memorial Affairs; the Deputy General Counsel; Chair for the Board of Veterans' Appeals; Chief of Staff; Counselor to the Secretary; and the Senior Advisor to the Deputy Secretary. In most cases, the SMC makes recommendations to the VAEB, which makes key decisions affecting VA.

Early in 2004, the Secretary held a planning conference for VAEB and SMC members. During the conference each administration and staff office presented accomplishments achieved to date and discussed the specific actions necessary to achieve outstanding commitments to the President, Congress, veterans service organizations, other stakeholders, and our Nation's veterans and their families.

The conference also served to reinforce VA's current program priorities such as the following:

- Improving the health of veterans by providing high quality, accessible, and timely health care to veterans.
- Improving resource management and business practices.
- Providing research, education, and contingency support.
- Making sure that veterans receive prompt, accurate decisions on disability claims.
- Providing a seamless transition into VA health care for servicemembers who leave active duty with an illness or disability.

- Restoring VA's national cemeteries to national shrines and managing the expansion of VA's national cemeteries.

The conference also highlighted VA's efforts to improve management and organizational effectiveness. In this area, the following initiatives were discussed:

- Overhaul of the procurement process.
- Training and certification of project managers.
- Implementation of the capital asset management program.
- Increased VA/DoD information sharing.
- Cybersecurity improvements.
- Implementation of an integrated enterprise architecture.
- Refining the continuity of operations protocols.
- Enhancing *One VA* telecommunications networking initiatives.

## **Business Oversight Board**

The VA Business Oversight Board (Board) meets quarterly to review all major business policy and operations issues involving procurement, collections (primarily medical collections), capital asset management, and business revolving funds (Canteen, General Post Fund, Franchise Fund, Supply Fund). The Board monitors performance of the operating plans approved by the Secretary and identifies and manages key business issues facing VA. The Board also approved several organizations' operating charters and the Pershing Hall construction loan pay-off.

Over the past year, the Board has focused on restructuring the Department's capital assets with the goal of reducing the funds needed to operate and maintain the capital asset infrastructure. The Board has directed actions to ensure better oversight. Those actions include consolidating official records, bifurcating responsibilities for enhanced-use trusts, performing trust audits, more closely tracking cash flow, and assessing current structure and procedures. Experts have been brought in to provide legal and financial guidance for these unique instruments. The savings can then be used to provide enhanced care for veterans in the most advantageous settings and locations.

The General Post Fund investment strategies received additional scrutiny this year. Previously, the General Post Fund reserve was invested in short-term Treasury securities earning 1 percent per annum. The investment strategy has been diversified, and a portion of those reserve investments has been shifted over the last 3 months to earn 4 percent per annum with longer investment maturities. The additional revenue received from investments will be used to support veterans programs such as the Wheelchair Games.



One of the Board's primary focuses has been procurement reform. To date, the Department has completed 50 of the 65 reforms recommended by the Secretary's Procurement Reform Task Force to VA's nearly \$9 billion-a-year contracting operations. The Department is on track to complete all 65 recommendations by the end of calendar year 2004. This will improve efficiency and extend VA's buying power for its health care system.

In 2004, the Board reduced Franchise Fund reserves (accumulated over the last 3 years) by \$15.1 million by providing a billing holiday to customers.

The Board has monitored VA's progress in improving the way the Department manages and tracks collections and ensures accurate insurance information. Through August 2004, compared to prior year performance, VA has realized the following revenue process improvements:

- Collections increased \$175 million from \$1.372 billion as of the end of August 2003 to \$1.546 billion through August 2004.
- Billed Amount increased \$430 million from \$3.353 billion as of the end of August 2003 to \$3.784 billion through August 2004.

In addition, Accounts Receivable outstanding greater than 90 days decreased from 40.2 percent in July 2003 to 35.4 percent in July 2004. VA is continuing to identify areas of improvement based on comparisons to metrics used in the private sector health care industry.

As part of its oversight function, the Board continued to coordinate the work of existing oversight groups and activities in an effort to improve overall business process efficiency and effectiveness.

## **Monthly Performance Reviews**

Monthly performance reviews were instituted in December 2001 to help address the Secretary's top priority issues such as disability claims processing times and patient waiting times for appointments. Under Secretaries and Assistant Secretaries use this forum to report to the Deputy Secretary on the status of their organization's financial and program performance, workload, and major construction and information technology projects. In addition, leadership discusses the causes for any variances from planned activities and identifies corrective actions necessary to help the Department achieve its performance goals for the year.

In 2004, the Deputy Secretary held 11 monthly performance reviews. One of the key benefits of the meetings was that senior leadership gained an in-depth understanding of cross-cutting issues affecting the entire Department. They also were provided with information linking performance directly to our budget plan on a month-by-month basis.

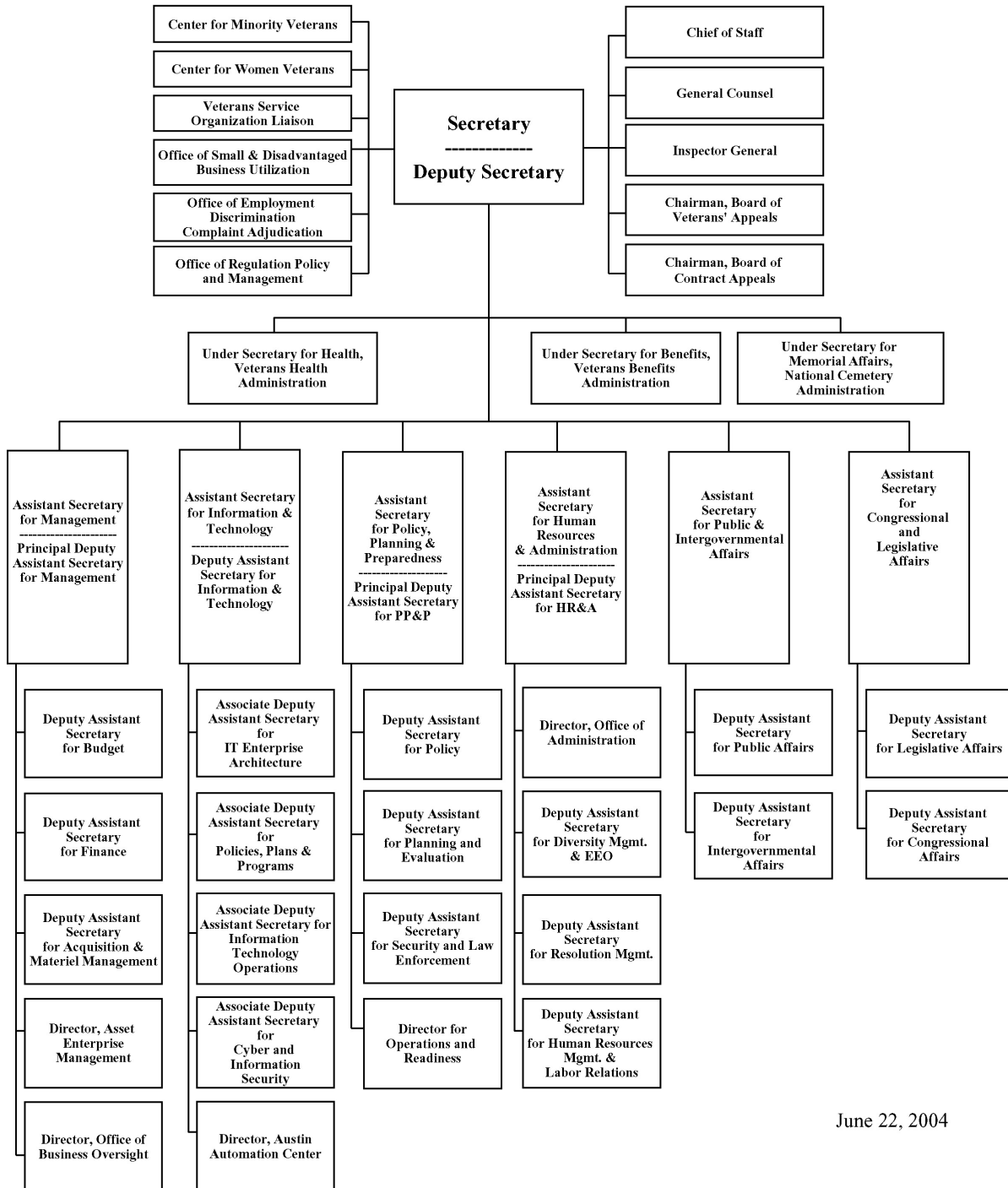
In sum, the meetings serve to support VA's intent that its programs attain the goals of the legislation that created them and that the outcomes for veterans are those intended by Congress and the American people.

## **Budget Account Restructuring**

- The 2006 budget request uses the account structure enacted in PL 108-447 with a few modifications. For medical care, the request is in the three appropriation account structure but realigns research support in each account to the Medical and Prosthetic Research appropriation. The benefit programs are separated into seven business lines – disability compensation (benefits and administration), pensions (benefits and administration), education (benefits and administration), housing, vocational rehabilitation and employment (benefits and administration), insurance (benefits and administration), and burial (benefits and administration). For control purposes, funding is requested and identified separately for entitlement payments, and for administrative and operating expenses. A significant change is the addition in budget authority for each account to engage in the construction activity. The appropriation language classifies all construction, including grant funding, as a capital investment. The construction funding is requested as no-year funds.
- As VA implements this new budget account structure, we will be better positioned to:
  - more readily determine the full cost of each of our programs;
  - shift resource debates from inputs to outcomes and results;
  - make resource decisions based on programs and their results rather than the previous year's funding level;
  - improve planning, simplify systems, enhance tracking, and focus on accountability; and
  - prioritize capital investments against recurring expenditures.
- The major features of the revised budget account structure are:
  - better aligning the costs and funding within each respective program;
  - simplifying the structure by significantly reducing the number of accounts;

- distributing all capital costs (including construction and information technology) among the nine major discretionary program accounts;
  - maintaining some non-appropriated accounts (revolving and trust funds) as separate budget accounts to meet government-wide requirements; and
  - maintaining the ability to account for different programs or activities.
- The implementation of this account structure is the culmination of a multi-year project. VA and OMB jointly developed and implemented this new set of budget accounts, and we will continue to work closely together on a variety of budget formulation and budget execution activities related to this project. VA officials conducted numerous briefings and meetings with our appropriations and authorizing committees of Congress prior to submitting the budget request under this new account structure. In order to ensure the transition to the new account structure occurs as smoothly as possible, we will continue to coordinate our efforts with the appropriate Congressional committees.
- To facilitate the transition, crosswalk tables for 2004-2006 are provided in the summary volume indicating how accounts and funding under the existing budget account structure align under the proposed structure. Funding totals for 2004 and 2005 provided under the new account structure represent estimated breakouts based of 2004 actuals and 2005 enacted levels under the existing account structure.

# Department of Veterans Affairs



June 22, 2004

## Mission and Program Descriptions

*“To care for him who shall have borne the battle, and for his widow,  
and his orphan ...”*

VA is striving to fulfill the words spoken by President Lincoln 140 years ago by working to provide world-class benefits and services to veterans in a cost-effective manner. The statutory mission for VA defines our organizational commitment to America’s veterans: “to administer the laws providing benefits and other services to veterans and the dependents and the beneficiaries of veterans.” (38 U.S.C. 301(b)) This mandate sets forth the Department’s role as the principal advocate for veterans and charges VA to ensure that veterans receive the medical care, benefits, social support, and lasting memorials they deserve in recognition of their service to this Nation.

President Lincoln’s words guide nearly 220,000 VA employees who have the privilege of serving veterans today. More than 193,000 employees support VA’s health care system, one of the largest in the world. Approximately 13,000 employees are involved with providing benefits to veterans and their families, and over 1,400 employees provide burial and memorial benefits for veterans and their eligible spouses and children.

In 2006, the delivery of veterans services will be accomplished through VA’s 157 hospitals, more than 944 community and facility-based clinics, 42 domiciliaries, 206 vet centers, 57 regional offices, and 125 national cemeteries and 33 other cemeterial installations. VA actively recognizes and preserves America’s past and is the caretaker of a significant number of the Nation’s historic properties. These properties that belong to the American people include 75 hospital campuses that are historic districts encompassing over 1,600 designated historic buildings as well as 66 VA national cemeteries, including 59 Civil War-era national cemeteries that are listed on the National Register of Historic Places. VA has facilities in all 50 states, the District of Columbia, the Commonwealth of Puerto Rico, and U.S. territories.

Dating back to the earliest days of our country, support for veterans and their families has been a national priority. Veterans programs have evolved to the comprehensive set of health care, benefits, and memorial services VA provides today. Veterans programs have four broad purposes, which form the basis for VA’s four strategic goals.

- To restore the capability of veterans with disabilities.

- To ensure a smooth transition as veterans return to civilian life in their communities.
- To honor and serve all veterans for the sacrifices they made on behalf of the Nation.
- To contribute to the public health, emergency management, socioeconomic well-being, and history of the Nation.

VA also plays a substantial role in ensuring national emergency medical preparedness and providing medical support to DoD. VA's enabling goal helps ensure continuous focus on providing world-class service to veterans and their families through responsible resource stewardship and effective governance. The enabling goal also provides measures to assess performance in the strategic management of human capital, information technology, capital asset management, and governance.

Just as VA's history has evolved, we expect the needs of veterans to change; how VA responds will continue to transform as well. Whatever veterans' needs are, VA will be ready. Today, there are approximately 25 million living men and women who served in the uniformed services. VA currently provides health care, benefits, and memorial services to millions of veterans as well as eligible survivors and dependents.

Each of the three VA administrations has a field structure to enable it to provide efficient, accessible service to veterans throughout the country. The Veterans Health Administration (VHA) has 21 Veterans Integrated Service Networks (VISNs), integrated networks of health care facilities that provide coordinated services to veterans to facilitate continuity through all phases of health care. The Veterans Benefits Administration (VBA) has 57 regional offices (VAROs) that receive and process claims for VA benefits. The National Cemetery Administration (NCA) has five Memorial Service Networks (MSNs), which provide direction, operational oversight, and engineering assistance to the 120 cemeteries by specific geographic area.

The Department accomplishes its mission through partnerships among VHA, VBA, NCA, the Board of Veterans' Appeals (BVA), and Departmental staff organizations by integrating related activities and functions of our major programs. VA provides services and benefits through the following nine major business lines:

**Medical Care**

VA meets the health care needs of America's veterans by providing primary care, specialized care, and related medical and social support services. Also included are health care education and training programs designed to help ensure an adequate supply of clinical care providers for veterans and the Nation.

**Medical Research**

The medical research program contributes to the Nation's overall knowledge about disease and disability.

**Compensation**

The compensation program provides monthly payments and ancillary benefits to veterans, in accordance with rates specified by law, in recognition of the average potential loss of earning capacity caused by a disability, disease, or death incurred, or aggravated during, active military service. This program also provides monthly payments, as specified by law, to surviving spouses, dependent children, and dependent parents in recognition of the economic loss caused by the veteran's death during active military service or, subsequent to discharge from military service, as a result of a service-connected disability.

**Pension**

The pension program provides monthly payments, as specified by law, to needy wartime veterans at age 65 or over or who are permanently and totally disabled. This program also provides monthly payments, as specified by law, to needy surviving spouses and dependent children of deceased wartime veterans who die as a result of a disability unrelated to military service.

**Education**

The education program assists eligible veterans, servicemembers, reservists, survivors, and dependents in achieving their educational or vocational goals.

**Vocational Rehabilitation and Employment**

The vocational rehabilitation and employment program assists veterans with service-connected disabilities to achieve functional independence in daily activities, become employable, and obtain and maintain suitable employment.

**Housing**

The housing program helps eligible veterans, active duty personnel, surviving spouses, and selected reservists purchase and retain homes.



**Insurance**

The insurance program provides veterans, servicemembers, and family members with life insurance benefits, some of which are not available from other providers — such as the commercial insurance industry — due to lost or impaired insurability resulting from military service. Insurance coverage is made in reasonable amounts and at competitive premium rates comparable to those offered by commercial companies. The program ensures a competitive, secure rate of return on investments held on behalf of the insured.

**Burial**

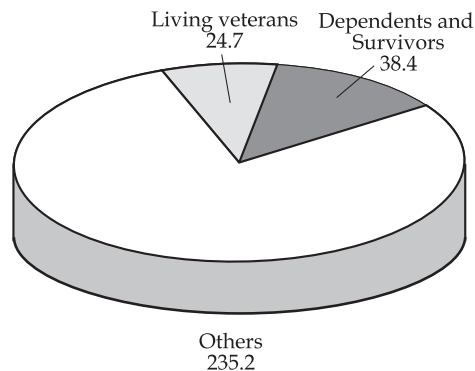
Primarily through NCA, VA honors veterans with a final resting place and lasting memorials that commemorate their service to the Nation.



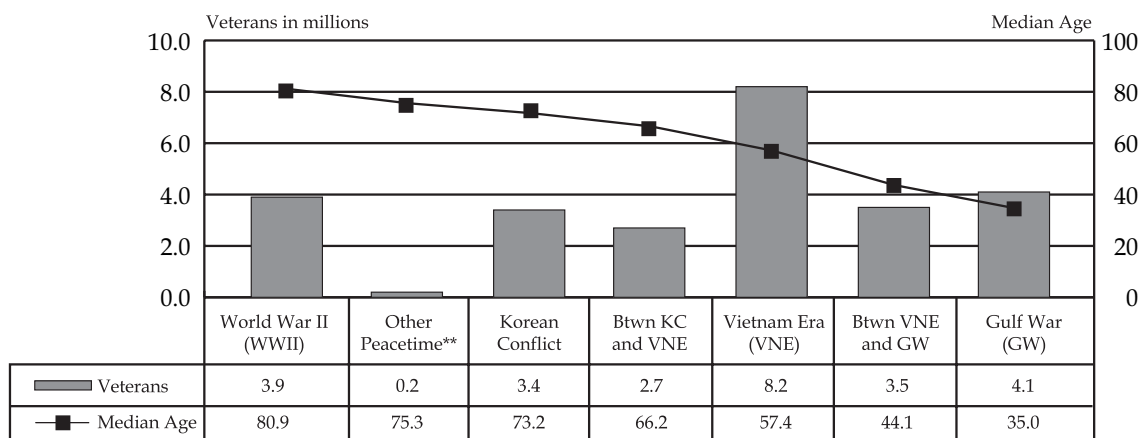
## Veterans Population

On September 30, 2004, there were an estimated 24.8 million living veterans, with 24.7 million of them in the U.S. and Puerto Rico. There were an estimated 37.8 million dependents (spouses and dependent children) of living veterans in the U.S. and Puerto Rico. There were nearly 563,200 survivors of deceased veterans receiving VA survivor benefits. Thus, more than 63 million people, or 21 percent of the total estimated resident population of the U.S. and Puerto Rico, (298.3 million) were recipients, or potential recipients, of veterans' benefits from the Federal Government.

The pie chart represents the estimated number (in millions) in the resident population of the U.S. and Puerto Rico classified as living veterans, dependents of living veterans and survivors of veterans receiving VA survivor benefits, and others (the remainder of the resident population) as of September 30, 2004.



**Estimated Number and Median Age of Veterans by Period of Service\*, September 30, 2004**



Source: VetPop2004 V 1.0, Office of the Actuary, VA, December 2004

\*Veterans are included in all wartime periods in which they served. Therefore, period categories do NOT add to total veteran population.

\*\* Pre-KC, not WW II.

**In compliance with provisions of the Veterans' Judicial Review Act,  
P. L. 100-687, Section 1404.**

<i>Estimates of Combat Theatre Obligations from the National Survey of Veterans</i> (dollars in millions)			
Appropriations	2004 Obligations	Estimate of Combat Theatre Veterans *	Estimated Obligation on Combat Theatre Veterans
Employment Services			
HIRE/CETA	N/A	N/A	
EJTP/VJTP	N/A	N/A	
Compensation	\$22,322	58%	\$12,947
Dependent and Indemnity Compensation	4,008	N/A	
Pensions			
Veterans	2,604	51%	1,328
Survivors	722	N/A	
Inpatient Facilities	12,666	50%	6,333
Outpatient Care	13,785	49%	6,755
Miscellaneous Medical Service	1,841	N/A	
Readjustment Counseling	87	N/A	
Veterans Insurance and Indemnities	34	50.2	17
Specially Adapted Housing	28	N/A	
Burial Benefits	153	49%	75
Educational Assistance	1,834	40%	734
Vocational Rehabilitation	542	43%	233
Survivors' and Dependents' Educational Assistance	332	N/A	
Home Loan Guaranty (Liquidating)	32	43%	14
Automobiles and Adaptive Equipment	48	N/A	

\* Combat Theatre is based on the question, "Did you ever serve in a combat or war zone?" from the 2001 National Survey of Veterans (NSV).

N/A - Not available from the 2001 NSV.

Most NSV questions on program usage refer to current usage (2000 - 2001 time period) or in case of burial benefits anticipated usage. However, because education and vocational rehabilitation questions asked if veterans had ever used these programs, answers for this table for those programs were restricted to veterans discharged in the last 10 years. Home Loan Guaranty refers to veterans who used the program since leaving the military.

## Participation in VA Programs

Program	Projected FY 2006 Participants
<b>Medical Care</b>	
Unique Patients	5,201,000
<b>Compensation</b>	
Veterans	2,688,200
Survivors/Children	335,100
<b>Pension</b>	
Veterans	329,700
Survivors	202,700
<b>Education</b>	
Veterans/Servicepersons	367,700
Reservists	111,800
Survivors/Dependents	80,100
<b>Vocational Rehabilitation</b>	
Veterans Receiving Services	100,100
<b>Housing</b>	
Loans Guaranteed	300,000
<b>Insurance</b>	
Veterans	1,766,100
Servicepersons/Reservists	2,436,000
Spouses/Dependents	2,986,000
<b>Burial</b>	
Interments	102,700
Graves Maintained	2,788,300
Headstone/Markers (Processed)	360,200
Presidential Memorial Certificates	341,800

## How We Measure Performance

VA uses performance measures to assess progress towards goals articulated in our strategic plan. Annually, senior leadership, in conjunction with the Office of Management and Budget and our constituents, identifies measures that can help us assess the performance of the Department's programs. Associated with our measures are realistic targets consistent with the available resource base that reflect expected performance to be achieved during the fiscal year. When a performance measure is first identified, we establish a strategic target that represents an optimum level of performance not affected by resource levels. Once finalized, the measures are then communicated throughout the organization and are included in senior leadership performance evaluations.

In selecting the measures that will best help us achieve our strategic goals, we work to achieve a mix of output and outcome measures that will aid senior leadership in making management decisions on how best to effectively and efficiently carry out our mission and ultimate goal – to improve the lives of our veterans and their dependents. Output measures track the products of our activities, such as the number of peer-reviewed publications by VA investigators. Outcome measures, such as the Clinical Practice Guidelines Index and the Prevention Index II, are measures that indicate how well VA is doing in improving the health of veterans.

Performance information is tracked at the highest levels of VA through monthly performance review meetings chaired by the Deputy Secretary. Instituted in December 2001, meetings are attended by Under Secretaries and Assistant Secretaries who report to the Deputy Secretary on the performance of their organizations. They discuss adherence to budget, staffing, major projects requirements, and the status of key performance elements. These meetings enable our leadership to link performance directly to our budget plan on a month-by-month basis. Our intent is to ensure that, given our budget plan, our programs produce the intended results of the legislation that created them and that the outcomes for veterans are those intended by Congress and the American people. The output measures help us monitor the efficiency and effectiveness of our programs and their management.

For each performance measure, the data collection method and data verification protocol for the underlying results are defined to describe how and when the data will be collected and interpreted, as well as how quality and integrity of the performance data are ensured.

In 2006, we include 128 performance measures, of which 24 are designated as 'key.' Key measures represent selected, high-level measures that link directly to Departmental objectives and ultimately to our mission and serve to provide a balanced view of overall Department performance. The following tables display

our key measures by strategic goal and objective and include the financial resources expected to be obligated for each objective as well as historical results data and planned goals. We also provide a supplementary table defining each of our key measures, their data source, frequency of collection, data limitations, and verification/accuracy.

FY 2006 Strategic Goal Resources by Responsible Program (\$ in millions)						
Responsible Program	Total Obligations	Strategic Goals				
		1. Restore Disabled Veterans	2. Ensure a Smooth Transition	3. Honor and Serve Veterans	4. Support National Goals	Enabling Goal
Medical Care	\$34,299	\$13,690	\$93	\$16,732	\$978	\$2,806
Medical Research	\$1,029	\$631			\$398	
Compensation	\$31,494	\$31,494				
Pension	\$3,627			\$3,627		
Education	\$3,121	\$312	\$2,809			
Vocational Rehabilitation	\$781	\$781				
Housing	\$258		\$258			
Insurance	\$2,551	\$118	\$543	\$1,890		
Burial	\$461			\$360	\$101	
Departmental Management	\$1,126	\$48		\$5	<\$1M	\$1,073
<b>Total</b>	<b>\$78,747</b>	<b>\$47,074</b>	<b>\$3,703</b>	<b>\$22,614</b>	<b>\$1,477</b>	<b>\$3,879</b>



Resources by Objective				
		Program	FY 2006 Obligations \$ in Millions	% of Total VA Resources
			\$78,747	
<b>Strategic Goal 1: Restore the capability of veterans with disabilities to the greatest extent possible and improve the quality of their lives and that of their families.</b>			\$47,074	59.8%
Objective	Key Performance Measures			
1.1 Maximize the physical, mental, and social functioning of veterans with disabilities and be recognized as a leader in the provision of specialized health care services.	No key measure	Medical Care Medical Research	\$14,321	18.2%
1.2 Provide timely and accurate decisions on disability compensation claims to improve the economic status and quality of life of service-disabled veterans.	National accuracy rate - core rating work	Compensation Staff Offices	\$31,542	40.1%
	Rating-related actions - average days to process			
	Rating-related actions - average days pending			
1.3 Provide all service-disabled veterans with the opportunity to become employable and obtain and maintain suitable employment, while providing special support to veterans with serious employment handicaps.	Vocational Rehabilitation and Employment Rehabilitation rate	Vocational Rehabilitation and Employment	\$781	1.0%
1.4 Improve the standard of living and income status of eligible survivors of service-disabled veterans through compensation, education, and insurance benefits.	Average days to process - DIC actions	Education Insurance	\$430	0.5%
<b>Strategic Goal 2: Ensure a smooth transition for veterans from active military service to civilian life.</b>			\$3,703	4.7%
Objective	Key Performance Measures			
2.1 Ease the reentry of new veterans into civilian life by increasing awareness of, access to, and use of VA health care, benefits, and services.	No key measure	Medical Care Insurance	\$636	0.8%
2.2 Provide timely and accurate decisions on education claims and continue payments at appropriate levels to enhance veterans' and servicemembers' ability to achieve educational and career goals.	Average days to complete original education claims	Education	\$2,809	3.6%
	Average days to complete supplemental education claims			
2.3 Improve the ability of veterans to purchase and retain a home by meeting or exceeding lending industry standards for quality, timeliness, and foreclosure avoidance.	Foreclosure avoidance through servicing (FATS) ratio	Housing	\$258	0.3%
<b>Strategic Goal 3: Honor and serve veterans in life and memorialize them in death for their sacrifices on behalf of the Nation.</b>			\$22,614	28.7%
Objective	Key Performance Measures			
3.1 Provide high quality, reliable, accessible, timely, and efficient health care that maximizes the health and functional status for all enrolled veterans, with special focus on veterans with service-connected conditions, those unable to defray the cost, and those statutorily eligible for care.	Percent of patients rating VA health care service as very good or excellent - inpatient and outpatient	Medical Care	\$16,732	21.2%
	Percent of primary care appointments scheduled within 30 days of desired date			
	Percent of specialty care appointments scheduled within 30 days of desired date			
	Clinical Practice Guidelines Index			
	Prevention Index II			
	Increase non-institutional long-term care as expressed by average daily census			
3.2 Process pension claims in a timely and accurate manner to provide eligible veterans and their survivors a level of income that raises their standard of living and sense of dignity.	Rating-related actions - average days to process	Pension Staff Offices	\$3,632	4.6%
	Non-rating actions - average days to process			
	National accuracy rate - authorization work			
3.3 Maintain a high level of service to insurance policy holders and their beneficiaries to enhance the financial security for veterans' families.	Average days to process insurance disbursements	Insurance	\$1,890	2.4%
3.4 Ensure that the burial needs of veterans and eligible family members are met.	Percent of veterans served by a burial option within a reasonable distance (75 miles) of their residence	Burial	\$299	0.4%
	Percent of respondents who rate the quality of service provided by the national cemeteries as excellent			
3.5 Provide veterans and their families with timely and accurate symbolic expressions of remembrance.	Percent of graves in national cemeteries marked within 60 days of interment	Burial	\$61	0.1%

Resources by Objective				
		Program	FY 2006 Obligations \$ in Millions	% of Total VA Resources
<b>Strategic Goal 4: Contribute to the public health, emergency management, socioeconomic well-being, and history of the Nation.</b>			<b>\$1,477</b>	<b>1.9%</b>
Objective	Key Performance Measures			
4.1 Improve the Nation's preparedness for response to war, terrorism, national emergencies, and natural disasters by developing plans and taking actions to ensure continued service to veterans as well as support to national, state, and local emergency management and homeland security efforts.	No key measure	Staff Offices Medical Care	<\$1M	<0.1%
4.2 Advance VA medical research and development programs that address veterans' needs, with an emphasis on service-connected injuries and illnesses, and contribute to the Nation's knowledge of disease and disability.	Number of peer-reviewed publications by VA investigators	Medical Research	\$398	0.5%
4.3 Sustain partnerships with the academic community that enhance the quality of care to veterans and provide high-quality educational experiences for health care trainees.	No key measure	Medical Care	\$978	0.7%
4.4 Enhance the socioeconomic well-being of veterans, and thereby the Nation and local communities, through veterans' benefits; assistance programs for small, disadvantaged, and veteran-owned businesses; and other community initiatives.	No key measure	Staff Offices	<\$1M	<0.1%
4.5 Ensure that national cemeteries are maintained as shrines dedicated to preserving our Nation's history, nurturing patriotism, and honoring the service and sacrifice veterans have made.	Percent of respondents who rate national cemetery appearance as excellent	Burial	\$101	0.1%
<b>Enabling Goal: Deliver world-class service to veterans and their families by applying sound business principles that result in effective management of people, communications, technology, and governance.</b>			<b>\$3,879</b>	<b>4.9%</b>
Objective	Key Performance Measures			
E-1 Recruit, develop, and retain a competent, committed, and diverse workforce that provides high-quality service to veterans and their families.	No key measure	Staff Offices	\$94	0.1%
E-2 Improve communications with veterans, employees, and stakeholders about the Department's mission, goals, and current performance as well as the benefits and services VA provides.	No key measure	Staff Offices	\$16	0.1%
E-3 Implement a <i>One VA</i> information technology framework that supports the integration of information across business lines and that provides a source of consistent, reliable, accurate, and secure information to veterans and their families, employees, and stakeholders.	No key measure	Staff Offices	\$349	0.4%
E-4 Improve the overall governance and performance of VA by applying sound business principles, ensuring accountability, and enhancing our management of resources through improved capital asset management; acquisition and competitive sourcing; and linking strategic planning, budgeting, and performance planning.	Ratio of collections to billings (expressed as a percentage)	Medical Care Staff Offices	\$3,420	4.3%



## VA's Key Performance Measures for FY 2006

Strategic Goal/ Key Measure	Actual				Plan		Strategic Target
	2001	2002	2003	2004	2005 (Final)	2006 (Initial)	
Strategic Goal 1: Restore the capability of veterans with disabilities to the greatest extent possible and improve the quality of their lives and that of their families.							
National accuracy rate (core rating work) % (Compensation)	80%	80%	86%	87%	88%	90%	98%
Compensation & Pension rating-related actions - average days to process	181	223	182	166	145	145	125
Rating-related compensation actions - average days pending	186	179	*114	120	119	119	78
Rehabilitation rate % (VR&E)	65%	62%	59%	62%	66%	66%	70%
Average days to process - DIC actions (Compensation)	133	172	153	*126	120	100	90
Strategic Goal 2: Ensure a smooth transition for veterans from active military service to civilian life.							
Average days to complete original education claims	50	34	23	26	25	27	10
Average days to complete supplemental education claims	24	16	12	13	13	13	7
Foreclosure avoidance through servicing (FATS) ratio % (Housing)	40%	43%	45%	44%	47%	47%	47%
Strategic Goal 3: Honor and serve veterans in life and memorialize them in death for their sacrifices on behalf of the Nation.							
Percent of patients rating VA health care service as very good or excellent - inpatient	64%	70%	74%	74%	74%	74%	74%
Percent of patients rating VA health care service as very good or excellent - outpatient	65%	71%	73%	72%	73%	73%	73%
Percent of primary care appointments scheduled within 30 days of desired date	87%	89%	93%	94%	94%	94%	94%
Percent of specialty care appointments scheduled within 30 days of desired date (1) results as of 9/30, (2) reflects cum. for year, (3) eight clinical areas now included instead of five	84% (1)	86% (1)	89% (2)	93% (3)	93% (3)	93%	93%

\*Corrected



## VA's Key Performance Measures for FY 2006

Strategic Goal/ Key Measure	Actual				Plan		Strategic Target
	2001	2002	2003	2004	2005 (Final)	2006 (Initial)	
Clinical Practice Guidelines Index	N/A	Baseline	70%	77%	77%	77%	80%
Prevention Index II	80%	82%	83%	88%	88%	88%	88%
Increase non-institutional long-term care as expressed by average daily census (1) Recalculated to include residential community care program ADC	N/A	24,126 (1)	24,413 (1)	*25,523	30,118	35,540	43,098
Non-rating pension actions - average days to process	59	65	67	58	73	73	21
National accuracy rate (authorization pension work) (%)	62%	76%	81%	84%	84%	84%	98%
Average days to process insurance disbursements (Insurance)	2.8	2.6	2.4	1.8	2.7	2.7	2.7
Percent of veterans served by a burial option within a reasonable distance (75 miles) of their residence	72.6%	73.9%	75.2%	75.3%	78.3%	82.2%	90.0%
Percent of respondents who rate the quality of service provided by the national cemeteries as excellent	92%	91%	94%	94%	95%	96%	100%
Percent of graves in national cemeteries marked within 60 days of interment	N/A	49%	72%	87%	88%	89%	90%
<b>Strategic Goal 4: Contribute to the public health, emergency management, socioeconomic well-being, and history of the Nation.</b>							
Number of peer-reviewed publications by VA investigators	N/A	N/A	N/A	N/A	2,590	2,590	2,700
Percent of respondents who rate national cemetery appearance as excellent	96%	97%	97%	98%	98%	99%	100%
<b>Enabling Goal: Deliver world-class service to veterans and their families by applying sound business principles that result in effective management of people, communications, technology, and governance.</b>							
Ratio of collections to billings (expressed as a percentage)	31%	37%	41%	41%	41%	41%	41%

\*Corrected

**FY 2006 Key Measures: Supplementary Data Table**

Key Performance Measure Sorted by Strategic Objective	Definition	Data Source	Frequency	Data Limitations	Data Verification/Accuracy
<b>Objective 1.2</b> <b>Compensation: National</b> <b>accuracy rate (core rating</b> <b>work)</b>	<p>Processing accuracy for claims that normally require a disability or death determination. Review criteria include: addressing all issues, Veterans Claims Assistance Act (VCAA)-compliant development, correct decision, correct effective date, and correct payment date if applicable. Accuracy rate is determined by dividing the total number of cases with no errors in any of these categories by the number of cases reviewed.</p>	<p>Findings from C&amp;P Service Systematic Technical Accuracy Review (STAR) are entered in an intranet database maintained by the Philadelphia LAN Integration Team and downloaded monthly to the PA&amp;I information storage database.</p>	<p>Case reviews are conducted daily. The review results are tabulated monthly and annually.</p>	<p>None</p>	<p>C&amp;P STAR quality reviews by individual reviewers are routinely validated by C&amp;P managers as part of individual performance. Additionally, when a Regional Office disagrees with an error call, it is reviewed as part of a formal process requiring the concurrence of the service director.</p>
<b>Objective 1.2</b> <b>Compensation and Pension:</b> <b>Rating-related actions -</b> <b>average days to process</b>	<p>The average elapsed time (in days) it takes to complete claims that require a disability decision is measured from the date the claim is received by VA to the date the decision is made including the following types of claims: Original Compensation, with 1-7 issues (End Product (EP) 110), Original Compensation, 8 or more issues (EP 010), Original Service Connected Death Claim (EP 140), Reopened Compensation Claims (EP 020), Review Examination (EP 310), Hospitalization Adjustment (EP 320). For Pension cases, the category includes original pension claims (EP 180) and reopened pension claims (EP 120). The measure is calculated by dividing the total number of days recorded from receipt to completion by the total number of cases completed.</p>	<p>The source of data for this measure is the Benefits Delivery Network (BDN). The data are manually input by VBA employees during the claims process. Results are also extracted from BDN by VA managers. VBA's C&amp;P Service owns the data and is therefore responsible for validation of data accuracy.</p>	<p>Data are collected daily as awards are processed by employees. Results are tabulated at the end of the month and annually.</p>	<p>None</p>	<p>Data are analyzed weekly and results are recorded quarterly by VBA's Central Office-based Compensation and Pension Service, which performs quality and consistency reviews on cases from the Regional Offices with the highest rates of questionable practices.</p>
<b>Objective 1.2</b> <b>Compensation: Rating-related</b> <b>actions - average days</b> <b>pending</b>	<p>The measure is calculated by counting the number of days for all currently pending claims from the date each claim is received to the end of the fiscal year by end product type. The total number of days resulting is divided by the total number of pending claims in that end product type. Rating average days pending is the weighted average of all pending EPs in the following categories: 110, 010, 020, 140, 310, and 320.</p>	<p>The source of data for this measure is the Benefits Delivery Network (BDN).</p>	<p>The element is a snapshot of the age of the inventory at the end of each processing month as well as at the end of each year.</p>	<p>None</p>	<p>Data are analyzed weekly and results are recorded quarterly by VBA's Central Office-based Compensation and Pension Service, which performs quality and consistency reviews on cases from the Regional Offices with the highest rates of questionable practices.</p>

**FY 2006 Key Measures: Supplementary Data Table**

Key Performance Measure Sorted by Strategic Objective	Definition	Data Source	Frequency	Data Limitations	Data Verification/Accuracy
<b>Objective 1.3</b> <b>Vocational Rehabilitation and Employment Rehabilitation rate</b>	<p>The number of veterans who acquire and maintain suitable employment and leave the program, divided by the total number leaving the program. For those veterans with disabilities that make employment unfeasible, Vocational Rehabilitation and Employment (VR&amp;E) seeks to assist them on becoming independent in their daily living.</p>	<p>VR&amp;E management reports</p>	<p>Quality Assurance Reviews evaluate the accuracy and reliability of data and are conducted twice a month.</p>	<p>None</p>	<p>Quality assurance (QA) reviews are completed by each station and VR&amp;E Service. The QA program was set up to review samples of cases for accuracy and to provide scoring at the RO level. In response to a FY 2000 IG Audit, the following items were undertaken to address the IG recommendations for improving accuracy of data:</p> <p>1) Quality Assurance Satellite Broadcast was held on May 7, 2003. 2) VR&amp;E Letter 28-03-03, Policies to Improve Accuracy of Data Used to Compute Rehabilitation Rate, was sent out to the field on April 30, 2003. 3) VR&amp;E Letter 28-03-12, Recent Changes to VR&amp;E Quality Assurance Program, confirms that VR&amp;E service reviews 64 cases per station each year and all field stations are conducting local QA Reviews on 10% of their caseload effective November 2002. 4) VR&amp;E Outcome Accuracy measure has been added to the VARO Directors' performance standards. 5) Letter was sent requiring all field VR&amp;E Officers' signature on all outcome cases.</p>
<b>Objective 1.4</b> <b>Compensation: Average days to process - DIC actions</b>	<p>The average length of time it takes to process a DIC claim from the date of receipt of claim in VA until the date of completion.</p>	<p>Benefits Delivery Network (BDN)</p>	<p>Monthly and fiscal year</p>	<p>None</p>	<p>Data are analyzed weekly and results are recorded quarterly by VBA's Central Office-based Compensation and Pension Service, which performs quality and consistency reviews on cases from the Regional Offices with the highest rates of questionable practices.</p>



**FY 2006 Key Measures: Supplementary Data Table**

Key Performance Measure Sorted by Strategic Objective	Definition	Data Source	Frequency	Data Limitations	Data Verification/Accuracy
<p><u>Objective 2.2</u> Average days to complete original and supplemental education claims</p>	<p>Elapsed time, in days, from receipt of a claim in the regional processing office to closure of the case by issuing a decision. Original claims are those for first-time use of this benefit. Any subsequent school enrollment is considered a supplemental claim.</p>	<p>Education claims processing timeliness is measured by using data captured automatically through VBA's Benefits Delivery Network. This information is generated through the VBA data warehouse generated reports using the Distribution of Operational Resources (DOOR) system.</p>	<p>Monthly</p>	<p>None</p>	<p>The Education Service staff in VA Central Office confirms reported data through ongoing quality assurance reviews conducted on a statistically valid sample of cases. Dates of claims are reviewed in the sample cases to ensure they are reported accurately. Each year, Central Office staff reviews a sample of cases from each of the four RPOs. Samples are selected randomly from a database of all quarterly end products. The results are valid at the 95 percent confidence level. Reviewers validate dates of claims for all cases reviewed.</p>
<p><u>Objective 2.3</u> Foreclosure avoidance through servicing (FATS) ratio</p>	<p>The FATS ratio measures the effectiveness of VA supplemental servicing of defaulted guaranteed loans. The ratio measures the extent to which foreclosures would have been greater had VA not pursued alternatives to foreclosure.</p>	<p>Data are extracted from the Loan Service and Claims (LS&amp;C) System. This system is used to manage defaults and foreclosures of VA-guaranteed loans.</p>	<p>Data are collected on a monthly basis.</p>	<p>There are five components that make up the FATS ratio. The four involving financial transactions are auditable. The fifth component, successful interventions, is based on employee interpretation of established criteria.</p>	<p>Data for the FATS ratio are validated on a monthly basis by Regional Loan Center (RLC) field review of all components of the ratio, followed by Central Office review of a percentage of successful interventions.</p>
<p><u>Objective 3.1</u> Percent of patients rating VA health care service as very good or excellent: Inpatient and Outpatient</p>	<p>Data are gathered for this measure via a VA survey that is applied to a representative sample of inpatients and a sample of outpatients. The denominator is the total number of patients sampled who answered the question, "Overall, how would you rate your quality of care?" The numerator is the number of patients who respond 'very good' or 'excellent.'</p>	<p>Survey of Health Experiences of Patients</p>	<p>Surveys are conducted as follows: Inpatient - Semi-annually Outpatient - Quarterly.</p>	<p>None</p>	<p>Routine statistical analyses are performed to evaluate the data quality, survey methodology, and sampling processes. Responses to questions are routinely analyzed to determine which areas of VA's health care delivery system should be focused upon in order to positively impact the quality of health care delivered by VA.</p>

**FY 2006 Key Measures: Supplementary Data Table**

Key Performance Measure Sorted by Strategic Objective	Definition	Data Source	Frequency	Data Limitations	Data Verification/Accuracy
<b>Objective 3.1</b> Percent of primary care appointments scheduled within 30 days of desired date.	This measure tracks the time between when the primary care appointment request is made (entered into the computer) and the date for which the appointment is actually scheduled. The percent is calculated using the numerator, which is those scheduled within 30 days of desired date (includes both new and established patient experiences), and the denominator, which is all appointments in primary care clinics posted in the scheduling software during the review period.	VisiA scheduling software	Monthly	None	The VisiA scheduling software requires minimal interpretation from an employee to ensure accuracy of data collected.
<b>Objective 3.1</b> Percent of specialist appointments scheduled within 30 days of desired date.	This measure tracks the number of days between when the specialty appointment request is made (entered into the computer) and the date for which the appointment is actually scheduled. This includes both new and established specialty care patients. The percent is calculated using the numerator, which is all appointments scheduled within 30 days of desired date and the denominator, which is all appointments posted in the scheduling software during the review period in selected high volume/key specialty clinics.	VisiA scheduling software	Monthly	None	The VisiA scheduling software requires minimal interpretation from an employee to ensure accuracy of data collected.
<b>Objective 3.1</b> Clinical Practice Guidelines Index	The Clinical Practice Guidelines Index is a composite measure comprised of the evidence and outcomes-based measures for high-prevalence and high-risk diseases that have significant impact on overall health status. The indicators within the Index are comprised of several clinical practice guidelines in the areas of ischemic heart disease, hypertension, diabetes mellitus, major depressive disorder, schizophrenia, and tobacco use cessation. The percent compliance is an average of the separate indicators.	VHA biostatisticians design and obtain a statistically valid random sample of medical records for review. The findings of the review are used to calculate the index scores.	Data are reported quarterly with a cumulative average determined annually.	None	Review is performed by an external contractor to ensure accuracy of findings. In addition, the reliability of the collected data is evaluated using accepted statistical methods along with inter-rater reliability assessments that are performed each quarter.

**FY 2006 Key Measures: Supplementary Data Table**

Key Performance Measure Sorted by Strategic Objective	Definition	Data Source	Frequency	Data Limitations	Data Verification/Accuracy
<b>Objective 3.1</b> <b>Prevention Index II</b>	The Prevention Index is an average of nationally recognized primary prevention and early detection interventions for nine diseases or health factors that significantly determine health outcomes. The nine diseases or health factors include: rate of immunizations for Influenza and Pneumococcal pneumonia; screening for tobacco consumption, alcohol abuse, breast cancer, cervical cancer, colorectal cancer, and cholesterol levels; and prostate cancer education. Each disease has an indicator. Each indicator's numerator is the number of patients in the random sample who actually received the intervention they were eligible to receive. The denominator is the number of patients in the random sample who were eligible to receive the intervention.	VHA biostatisticians design and obtain a statistically valid random sample of medical records for review. The findings of the review are used to calculate the index scores.	Data are reported quarterly with a cumulative average determined annually.	None	Review is performed by an external contractor to ensure accuracy of findings. In addition, the reliability of the collected data is evaluated using accepted statistical methods along with inter-rater reliability assessments that are performed each quarter.
<b>Objective 3.1</b> <b>Increase non-institutional long-term care as expressed by average daily census</b>	The number is the Average Daily Census (ADC) of veterans enrolled in Home and Community-Based Care programs (e.g., Home-Based Primary Care, Contract Home Health Care, Adult Day Health Care (VA and Contract), and Homemaker/Home Health Aide Services).	The ADC data are obtained from VHA workload reporting databases designed to capture both VHA-provided care and VHA-paid (fee-based or contracted) care.	Quarterly	None	VHA data quality/accuracy standards are applied and data undergo audits and ongoing verification to ensure accuracy. This is critical as data are used for budgeting, workload planning, etc.
<b>Objective 3.2</b> <b>Compensation and Pension: Rating-related actions - average days to process</b>	The average elapsed time (in days) it takes to complete claims that require a disability decision is measured from the date the claim is received by VA to the date the decision is made including the following types of claims: Original Compensation, with 1-7 issues (End Product (EP) 110), Original Compensation, 8 or more issues (EP 010), Original Service Connected Death Claim (EP 140), Reopened Compensation Claims (EP 020), Review Examination (EP 310), Hospitalization Adjustment (EP 320). For Pension cases, the category includes original pension claims (EP 180) and reopened pension claims (EP 120). The measure is calculated by dividing the total number of days recorded from receipt to completion by the total number of cases completed.	The source of data for this measure is the Benefits Delivery Network (BDN). The data are manually input by VBA employees during the claims process. Results are also extracted from BDN by VA managers. VBA's C&P Service owns the data and is therefore responsible for validation of data accuracy.	Data are collected daily as awards are processed by employees. Results are tabulated at the end of the month and annually.	None	Data are analyzed weekly and results are recorded quarterly by VBA's Central Office-based Compensation and Pension Service, which performs quality and consistency reviews on cases from the Regional Offices with the highest rates of questionable practices.



**FY 2006 Key Measures: Supplementary Data Table**

Key Performance Measure Sorted by Strategic Objective	Definition	Data Source	Frequency	Data Limitations	Data Verification/Accuracy
<b>Objective 3.2</b> <b>Pension: Non-rating actions - average days to process</b>	<p>The average elapsed time (in days) it takes to complete claims is measured from the date the claim is received by VA to the date the decision is made. Included in this category are the following types of claims: Disability and Death Dependency EP (130), Income, Estate and Election Issues EP (150), and IVM Match Cases - DIC EP (154). The measure is calculated by dividing the total number of days recorded from receipt to completion by the total number of cases completed.</p>	<p>The source of data for this measure is the Benefits Delivery Network (BDN). The data are manually input by VBA employees during the claims process. Results are also extracted from BDN by VA managers. VBA's C&amp;P Service owns the data and is therefore responsible for validation of data accuracy.</p>	<p>Data are collected daily as awards are processed by employees. Results are tabulated at the end of the month and annually.</p>	<p>None</p>	<p>Data are analyzed weekly and results are recorded quarterly by VBA's Central Office-based Compensation and Pension Service, which performs quality and consistency reviews on cases from the Regional Offices with the highest rates of questionable practices.</p>
<b>Objective 3.2</b> <b>Pension: National accuracy rate (authorization work)</b>	<p>Processing accuracy for claims that normally require determinations and verifications of income as well as dependency and relationship matters. Review criteria include: all Pension authorization work such as correct decision, correct effective date, and correct payment date when applicable. It also includes Veterans Claims Assistance Act (VCAA)-compliant development. Accuracy rate is determined by dividing the total number of cases with no errors in any one category by the number of cases reviewed.</p>	<p>Findings from C&amp;P Service Systematic Technical Accuracy Review (STAR) are entered in an Intranet database maintained by the Philadelphia LAN Integration Team and downloaded monthly to the PA&amp;I information storage database.</p>	<p>Case reviews are conducted daily. The review results are tabulated monthly and annually.</p>	<p>None</p>	<p>C&amp;P STAR quality reviews by individual reviewers are routinely validated by C&amp;P managers as part of individual performance. Additionally, when a Regional Office disagrees with an error call, it is reviewed as part of a formal process requiring the concurrence of the service director.</p>
<b>Objective 3.3</b> <b>Average days to process insurance disbursements</b>	<p>Insurance disbursements are death claims paid to beneficiaries, policy loans, and cash surrenders requested by policyholders. Average processing days are a weighted composite for all three types of disbursements based on the number of end products and timeliness for each category. Processing time begins when the veteran's application or beneficiary's fully completed claim is received and ends when the internal controls staff approves the disbursement. The average processing days for death claims is multiplied by the number of death claims processed. The same calculation is done for loans and cash surrenders. The sum of these calculations is divided by the sum of death claims, loans, and cash surrenders processed to arrive at the weighted average processing days for disbursements.</p>	<p>Data on processing time are collected and stored through the Statistical Quality Control (SQC) Program and the Distribution of Operational Resources (DOOR) system.</p>	<p>Monthly</p>	<p>None</p>	<p>The Insurance Service periodically evaluates the SQC Program to determine if it is being properly implemented. The composite weighted average processing days measure is calculated by the Insurance Service and is subject to periodic data verification reviews. Timeliness information is considered to be valid for management of operations.</p>

**FY 2006 Key Measures: Supplementary Data Table**

Key Performance Measure Sorted by Strategic Objective	Definition	Data Source	Frequency	Data Limitations	Data Verification/Accuracy
<b>Objective 3.4</b> <b>Percent of veterans served by a burial option within a reasonable distance (75 miles) of their residence</b>	<p>The measure is the number of veterans served by a burial option divided by the total number of veterans, expressed as a percentage. A burial option is defined as a first family member interment option (whether for casketed remains or cremated remains, either in-ground or in columbaria) in a national or state veterans cemetery that is available within 75 miles of the veteran's place of residence.</p>	<p>For 2001 and 2002, the number of veterans and the number of veterans served were extracted from the VetPop2000 model using updated 1990 census data. Since 2003, the number of veterans and the number of veterans served were extracted from a revised VetPop2000 model using 2000 census data.</p>	<p>Recalculated annually or as required by the availability of updated veteran population census data. Projected openings of new national or state veterans cemeteries and changes in the service delivery status of existing cemeteries also determine the veteran population served.</p>	<p>Provides performance data at specific points in time as veteran demographics change.</p>	<p>In 1999, the OIG performed an audit assessing the accuracy of the data used for this measure. Data were revalidated in the 2002 report entitled Volume 1: Future Burial Needs, prepared by an independent contractor as required by the Veterans Millennium Health Care and Benefits Act, P.L. 106-117.</p>
<b>Objective 3.4</b> <b>Percent of respondents who rate the quality of service provided by the national cemeteries as excellent</b>	<p>The number of survey respondents who agree or strongly agree that the quality of service received from national cemetery staff is excellent divided by the total number of survey respondents, expressed as a percentage.</p>	<p>NCA's Survey of Satisfaction with National Cemeteries. The survey collects data from family members and funeral directors who have recently received services from a national cemetery.</p>	<p>Annually</p>	<p>The mail-out survey provides statistically valid performance data at the national and MSN levels and at the cemetery level for cemeteries having at least 400 interments per year.</p>	<p>VA Headquarters staff oversees the data collection process and provides an annual report at the national level that describes the sampling plan and survey methodology. In addition, MSN and cemetery level data reports are provided to NCA management.</p>
<b>Objective 3.5</b> <b>Percent of graves in national cemeteries marked within 60 days of interment</b>	<p>The number of graves in national cemeteries for which a marker has been set at the grave or the reverse inscription completed within 60 days of the interment divided by the number of interments, expressed as a percentage.</p>	<p>NCA's Burial Operations Support System (BOSS) as input by field stations.</p>	<p>Monthly</p>	<p>None</p>	<p>VA Headquarters staff oversees the data collection process to validate its accuracy and integrity. Monthly and fiscal-year-to-date reports are provided at the national, MSN, and cemetery levels.</p>
<b>Objective 4.2</b> <b>Number of peer-reviewed publications by VA investigators</b>	<p>The number of peer-reviewed publications by VA investigators that show VA listed as the affiliated institution as determined by a PubMed search.</p>	<p>Annual search of PubMed listed articles by Office of Research and Development</p>	<p>Annually</p>	<p>None</p>	<p>PubMed is a nationally published databank for published research and is external to VA. VA search will be conducted by R&amp;D but is easily verified by external review for accuracy and completeness.</p>



**FY 2006 Key Measures: Supplementary Data Table**

Key Performance Measure Sorted by Strategic Objective	Definition	Data Source	Frequency	Data Limitations	Data Verification/Accuracy
<b>Objective 4.5</b> Percent of respondents who rate national cemetery appearance as excellent	The number of survey respondents who agree or strongly agree that the overall appearance of the national cemetery is excellent divided by the total number of survey respondents, expressed as a percentage.	NCA's Survey of Satisfaction with National Cemeteries. The survey collects data from family members and funeral directors who have recently received services from a national cemetery.	Annually	The mail-out survey provides statistically valid performance data at the national and MSN levels and at the cemetery level for cemeteries having at least 400 interments per year.	VA Headquarters staff oversees the data collection process and provides an annual report at the national level that describes the sampling plan and survey methodology. In addition, MSN and cemetery level data reports are provided to NCA management.
<b>Objective E-4</b> Ratio of collections to billings	The collections to billings ratio is a calculation based on the total cumulative fiscal year collections divided by the total cumulative billings. VA cannot collect from Medicare; however, 100 percent of the charges must be included to assert claims to Medicare supplemental carriers. The resulting ratio is comparatively lower than the private sector standard.	The collections and billed data are extracted from VA's National Data Base in the Allocation Resource Center (ARC).	Quarterly	None	The data are routinely verified by both program personnel and ARC for accuracy.

## Performance Measures by Strategic Goal and Objective

Strategic Goal/Measure	Actual				Plan		Strategic Target
	2001	2002	2003	2004	2005 (Final)	2006 (Initial)	

**Strategic Goal 1: Restore the capability of veterans with disabilities to the greatest extent possible and improve the quality of their lives and that of their families.**

Objective 1.1: Maximize the physical, mental, and social functioning of veterans with disabilities and be recognized as a leader in the provision of specialized health care services.

Prevention Index II (Special Populations)	N/A	N/A	80%	86%	86%	86%	86%
Percent of veterans who were discharged from a Domiciliary Care for Homeless Veterans (DCHV) Program, or Community-based Contract Residential Care (HCHV) Program to an independent or a secured institutional living arrangement	N/A	65%	72%	79%	79%	80%	80%

Objective 1.2: Provide timely and accurate decisions on disability compensation claims to improve the economic status and quality of life of service-disabled veterans.

National accuracy rate (core rating work) % (Compensation)	80%	80%	86%	87%	88%	90%	98%
Rating-related compensation actions - average days pending	186	179	*114	120	119	119	78
Overall satisfaction (Compensation)	52%	55%	55%	55%	55%	58%	90%
Non-rating compensation actions - average days to process	55	57	*49	50	66	62	17
Non-rating compensation actions - average days pending	98	93	*95	94	105	99	47
National accuracy rate (compensation authorization work)	69%	83%	88%	90%	92%	93%	98%
Average number of days to initiate development of remands at the Appeals Management Center	N/A	N/A	N/A	N/A	N/A	15	15
Percent of veterans in receipt of compensation whose total income exceeds that of like circumstanced veterans (Comp)	N/A	N/A	N/A	** TBD	** TBD	** TBD	50%
Percent of compensation recipients who were kept informed of the full range of available benefits (Comp)	39%	40%	42%	** TBD	** TBD	** TBD	60%
Percent of compensation recipients who perceive that VA compensation redresses the effect of service-connected disability in diminishing the quality of life (Comp)	N/A	N/A	N/A	** TBD	** TBD	** TBD	70%
Compensation & Pension rating-related actions - average days to process	181	223	182	166	145	145	125

\*Corrected

## Performance Measures by Strategic Goal and Objective

Strategic Goal/Measure	Actual				Plan		Strategic Target
	2001	2002	2003	2004	2005 (Final)	2006 (Initial)	
National accuracy rate (fiduciary work) % (Compensation & Pension)	68%	84%	77%	81%	88%	90%	98%
Telephone activities - abandoned call rate % (Compensation & Pension)	6%	9%	9%	7%	3%	3%	3%
Telephone activities - blocked call rate % (Compensation & Pension)	3%	7%	3%	2%	2%	2%	2%
Fiduciary Activities - Initial Appt. & Fiduciary - Beneficiary Exams (completed) (%) (Compensation & Pension)	13%	9%	11%	12%	6%	6%	4%
Fiduciary Activities - Initial Appt. & Fiduciary - Beneficiary Exams (pending) (%) (Compensation & Pension)	N/A	16%	20%	14%	8%	8%	4%
Deficiency-free decision rate (BVA)	86.7%	87.6%	89.0%	93.0%	93.0%	94.0%	95.0%
Appeals resolution time (Days) (Joint measure with C&P) (BVA)	595	731	633	529	500	470	365
BVA Cycle Time (Days) (1) Includes veterans service organization time	182 (1)	86	135	98	150	140	120
Appeals decided per Veterans Law Judge (BVA)	561	321	604	691	592	575	668
Cost per case (BVA)	\$1,401	\$2,702	\$1,493	\$1,302	\$1,546	\$1,647	\$1,689

\*\* Pending Program Outcome Study. Study was cancelled in 2004 because of the new Disability Compensation Commission. Study will be conducted in CY 2005.

Objective 1.3: Provide all service-disabled veterans with the opportunity to become employable and obtain and maintain suitable employment, while providing special support to veterans with serious employment handicaps.

Speed of entitlement decisions in average days (VR&E)	62	65	63	57	62	60	60
Accuracy of decisions (Services) % (VR&E)	79%	81%	82%	86%	88%	90%	96%
Rehabilitation rate % (VR&E)	65%	62%	59%	62%	66%	66%	70%
Customer satisfaction (Survey) % (VR&E)	76%	77%	N/A	N/A	81%	82%	92%
Accuracy of program outcomes (VR&E)	N/A	81%	81%	94%	90%	92%	95%
<b>Common Measures</b>							
Percent of participants employed first quarter after program exit (VR&E) (1)	N/A	N/A	N/A	N/A	TBD	TBD	TBD
Percent of participants still employed three quarters after program exit (VR&E) (1)	N/A	N/A	N/A	N/A	TBD	TBD	TBD
Percent change in earnings from pre- application to post-program employment (VR&E) (1)	N/A	N/A	N/A	N/A	TBD	TBD	TBD
Average cost of placing participant in employment (VR&E) (1)	N/A	N/A	N/A	N/A	TBD	TBD	TBD

(1) These new Common Measures are in support of the President's Management Agenda to integrate budget and performance. Targets for each measure are in development.

\*Corrected



## Performance Measures by Strategic Goal and Objective

Strategic Goal/Measure	Actual				Plan		Strategic Target
	2001	2002	2003	2004	2005 (Final)	2006 (Initial)	

Objective 1.4: Improve the standard of living and income status of eligible survivors of service-disabled veterans through compensation, education, and insurance benefits.

Average days to process - DIC actions (Compensation)	133	172	153	*126	120	<b>100</b>	90
Percent of DIC recipients above the poverty level (Comp)	N/A	N/A	N/A	99%	** TBD	<b>** TBD</b>	100%
Percent of DIC recipients who are satisfied that the VA recognized their sacrifice (Comp)	N/A	N/A	N/A	80%	** TBD	<b>** TBD</b>	90%

\*\* Pending Program Outcome Study. Study was cancelled in 2004 because of the new Disability Compensation Commission. Study will be conducted in CY 2005.

### Strategic Goal 2: Ensure a smooth transition for veterans from active military service to civilian life.

Objective 2.1: Ease the reentry of new veterans into civilian life by increasing awareness of, access to, and use of VA health care, benefits, and services.

Out of all original claims filed within the first year of release from active duty, the percentage filed at a BDD site prior to a service member's discharge	N/A	N/A	N/A	N/A	N/A	53%	65%
Percentage of VAMCs contracted to serve as TRICARE network providers	N/A	N/A	N/A	N/A	N/A	80%	90%
Implementation guides developed for those Consolidated Health Informatics Standards adopted by VA and DoD	N/A	N/A	N/A	N/A	N/A	2	9

Objective 2.2: Provide timely and accurate decisions on education claims and continue payments at appropriate levels to enhance veterans' and servicemembers' ability to achieve educational and career goals.

Montgomery GI Bill usage rate (%): All program participants (Education)	58%	56%	58%	59%	61%	<b>62%</b>	70%
Montgomery GI Bill usage rate (%): Veterans who have passed their 10-year eligibility period (Education)	N/A	N/A	66%	66%	67%	<b>67%</b>	70%
Percent of Montgomery GI Bill participants who successfully completed an education or training program	N/A	N/A	N/A	N/A	N/A	<b>TBD</b>	TBD
Percentage of beneficiaries that believe their VA educational assistance has been either very helpful or helpful in the attainment of their educational or vocational goal	N/A	N/A	N/A	N/A	N/A	<b>TBD</b>	TBD
Customer satisfaction-high rating (Education) (1) estimated	86%	87%	89%	89% (1)	89%	<b>89%</b>	95%
Telephone Activities - Blocked call rate (Education)	45%	26%	13%	20%	22%	<b>22%</b>	10%

\*Corrected

## Performance Measures by Strategic Goal and Objective

Strategic Goal/Measure	Actual				Plan		Strategic Target
	2001	2002	2003	2004	2005 (Final)	2006 (Initial)	
Telephone Activities - Abandoned call rate (Education)	13%	11%	7%	10%	9%	9%	5%
Payment accuracy rate (Education)	92%	93%	94%	94%	95%	95%	97%
Average days to complete original education claims	50	34	23	26	25	27	10
Average days to complete supplemental education claims	24	16	12	13	13	13	7

Objective 2.3: Improve the ability of veterans to purchase and retain a home by meeting or exceeding lending industry standards for quality, timeliness, and foreclosure avoidance.

Foreclosure avoidance through servicing (FATS) ratio % (Housing)	40%	43%	45%	44%	47%	47%	47%
Statistical quality index (Housing)	96%	97%	98%	98%	97%	97%	98%
Veterans satisfaction % (Housing) (1) No Housing survey was completed in 2004	94%	94%	95%	N/A (1)	96%	96%	95%
Home Purchase - Percent of active duty personnel and veterans who could not have purchased a home without VA assistance % (Housing)	N/A	N/A	N/A	N/A	TBD	TBD	TBD

**Strategic Goal 3: Honor and serve veterans in life and memorialize them in death for their sacrifices on behalf of the Nation.**

Objective 3.1: Provide high-quality, reliable, accessible, timely, and efficient health care that maximizes the health and functional status for all enrolled veterans, with special focus on veterans with service-connected conditions, those unable to defray the cost, and those statutorily eligible for care.

Percent of patients rating VA health care service as very good or excellent:							
Inpatient	64%	70%	74%	74%	74%	74%	74%
Outpatient	65%	71%	73%	72%	73%	73%	73%
Percent of veterans returning from a combat zone who respond "yes completely" to survey questions regarding how well they perceive that their VA provider listened to them and if they had trust and confidence in their VA provider	N/A	N/A	N/A	N/A	Baseline	TBD	72%
Percent of primary care appointments scheduled within 30 days of desired date	87%	89%	93%	94%	94%	94%	94%
Percent of specialty care appointments scheduled within 30 days of desired date (1) results as of 9/30, (2) reflects cum. for year, (3) eight clinical areas now included instead of five	84% (1)	86% (1)	89% (2)	93% (3)	93% (3)	93%	93%

\*Corrected

## Performance Measures by Strategic Goal and Objective

Strategic Goal/Measure	Actual				Plan		Strategic Target
	2001	2002	2003	2004	2005 (Final)	2006 (Initial)	
Percent of appointments for specialty health care services scheduled within 30 days of desired date for veterans and service members returning from a combat zone	N/A	N/A	N/A	N/A	Baseline	TBD	90%
Percent of appointments for primary care scheduled within 30 days of desired date for veterans and service members returning from a combat zone	N/A	N/A	N/A	N/A	Baseline	TBD	94%
Percent of patients who report being seen within 20 minutes of scheduled appointments at VA health care facilities	63%	65%	67%	69%	67%	68%	90%
Clinical Practice Guidelines Index	N/A	Baseline	70%	77%	77%	77%	80%
Prevention Index II	80%	82%	83%	88%	88%	88%	88%
Increase non-institutional long-term care as expressed by average daily census (1) Recalculated to include residential community care program ADC	N/A	24,126 (1)	24,413 (1)	*25,523	30,118	35,540	43,098
Percent of outpatient encounters that have electronic progress notes signed within 2 days	N/A	N/A	N/A	84%	85%	86%	87%

Objective 3.2: Process pension claims in a timely and accurate manner to provide eligible veterans and their survivors a level of income that raises their standard of living and sense of dignity.

National accuracy rate (core rating-related pension work)	78%	80%	91%	93%	93%	93%	98%
Rating-related pension actions - average days pending	129	100	98	77	69	69	65
Overall satisfaction rate (Pension)	63%	65%	65%	65%	65%	66%	90%
Non-rating pension actions - average days to process	59	65	67	58	73	73	21
Non-rating pension actions - average days pending	124	90	61	102	73	73	38
National accuracy rate (authorization pension work) (%)	62%	76%	81%	84%	84%	84%	98%
Percent of pension recipients who were informed of the full range of available benefits	40%	38%	39%	40%	40%	40%	60%
Percent of pension recipients who said their claim was very or somewhat fair	63%	65%	62%	53%	53%	53%	75%

\*Corrected



## Performance Measures by Strategic Goal and Objective

Strategic Goal/Measure	Actual				Plan		Strategic Target
	2001	2002	2003	2004	2005 (Final)	2006 (Initial)	
Compensation & Pension rating-related actions - average days to process	181	223	182	166	145	<b>145</b>	125
National accuracy rate (fiduciary work) (%) (Compensation & Pension)	68%	84%	77%	81%	88%	<b>90%</b>	98%
Telephone activities - abandoned call rate (Compensation & Pension)	6%	9%	9%	7%	3%	<b>3%</b>	3%
Telephone activities - blocked call rate (Compensation & Pension)	3%	7%	3%	2%	2%	<b>2%</b>	2%
Fiduciary Activities - Initial Appt. & Fiduciary - Beneficiary exams (completed) (%) (Compensation & Pension)	13%	9%	11%	12%	6%	<b>6%</b>	4%
Fiduciary Activities - Initial Appt. & Fiduciary - Beneficiary exams (pending) (%) (Compensation & Pension)	N/A	16%	20%	14%	8%	<b>8%</b>	4%

Objective 3.3: Maintain a high level of service to insurance policy holders and their beneficiaries to enhance the financial security for veterans' families.

High customer ratings % (Insurance)	96%	95%	95%	96%	95%	<b>95%</b>	95%
Low customer ratings % (Insurance)	2%	3%	3%	2%	2%	<b>2%</b>	2%
Percentage of blocked calls % (Insurance)	3%	1%	0%	1%	2%	<b>2%</b>	1%
Average hold time in seconds (Insurance)	17	18	17	17	20	<b>20</b>	20
Average days to process insurance disbursements (Insurance)	2.8	2.6	2.4	1.8	2.7	<b>2.7</b>	2.7

\*Corrected



## Performance Measures by Strategic Goal and Objective

Strategic Goal/Measure	Actual				Plan		Strategic Target
	2001	2002	2003	2004	2005 (Final)	2006 (Initial)	

Objective 3.4: Ensure that the burial needs of veterans and eligible family members are met.

Percent of veterans served by a burial option within a reasonable distance (75 miles) of their residence	72.6%	73.9%	75.2%	75.3%	78.3%	82.2%	90.0%
Average number of days to process a claim for reimbursement of burial expenses (Data tracked by VBA)	40	48	42	48	42	37	21
National Accuracy Rate for burial claims processed (Data tracked by VBA)	72%	85%	92%	94%	96%	96%	98%
Percent of respondents who rate the quality of service provided by the national cemeteries as excellent	92%	91%	94%	94%	95%	96%	100%
Percent of funeral directors who respond that national cemeteries confirm the scheduling of the committal service within 2 hours	75%	73%	73%	73%	75%	78%	93%
Cumulative number of kiosks installed at national and state veterans cemeteries	33	42	50	60	68	76	108

Objective 3.5: Provide veterans and their families with timely and accurate symbolic expressions of remembrance.

Percent of graves in national cemeteries marked within 60 days of interment	N/A	49%	72%	87%	88%	89%	90%
Percent of applications for headstones and markers for the graves of veterans who are not buried in national cemeteries processed within 20 days	N/A	N/A	N/A	N/A	Baseline	TBD	90%
Percent of headstones and markers ordered by national cemeteries for which inscription data are accurate and complete	N/A	N/A	N/A	98%	98%	99%	99%
Percent of headstones and markers that are undamaged and correctly inscribed	97%	96%	97%	97%	98%	98%	98%

**Strategic Goal 4: Contribute to the public health, emergency management, socioeconomic well-being, and history of the Nation.**

Objective 4.1: Improve the Nation's preparedness for response to war, terrorism, national emergencies, and natural disasters by developing plans and taking actions to ensure continued service to veterans as well as support to national, state, and local emergency management and homeland security efforts.

Percent of Emergency Planners who have completed orientation (OPPP)	N/A	N/A	N/A	N/A	N/A	80%	100%
Percent of Under Secretaries, Assistant Secretaries, and Other Key Officials who self-certify their teams "ready to deploy" to their COOP site (OPPP)	N/A	N/A	N/A	N/A	N/A	100%	100%

\*Corrected

## Performance Measures by Strategic Goal and Objective

Strategic Goal/Measure	Actual				Plan		Strategic Target
	2001	2002	2003	2004	2005 (Final)	2006 (Initial)	

Objective 4.2: Advance VA medical research and development programs that address veterans' needs, with an emphasis on service-connected injuries and illnesses, and contribute to the Nation's knowledge of disease and disability.

Percentage of clinicians who remain in the VA health care system for at least three years after completion of their career development award period	N/A	N/A	N/A	N/A	Baseline	58%	70%
Number of peer-reviewed publications by VA investigators	N/A	N/A	N/A	N/A	Baseline	2,590	2,700
Number of discovery disclosures by VA investigators	N/A	N/A	N/A	N/A	Baseline	169	217

Objective 4.3: Sustain partnerships with the academic community that enhance the quality of care to veterans and provide high-quality educational experiences for health care trainees.

Medical residents and other trainees' scores on a VHA Survey assessing their clinical training experience	84	83	83	83	85	85	85
Percent of admission notes by residents that have a note from attending physician within one day of admission:							
Medicine	N/A	N/A	N/A	N/A	Baseline	TBD	95%
Psychiatry	N/A	N/A	N/A	N/A	Baseline	TBD	95%
Surgery	N/A	N/A	N/A	N/A	Baseline	TBD	95%

Objective 4.4: Enhance the socioeconomic well-being of veterans, and thereby the Nation and local communities, through veterans' benefits; assistance programs for small, disadvantaged, and veteran-owned businesses; and other community initiatives.

Attainment of statutory minimum goals for small disadvantaged business expressed as a percent of total procurement (OSDBU)	32.6%	31.2%	31.8%	Data not yet available	23%	23%	23%
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Objective 4.5: Ensure that national cemeteries are maintained as shrines dedicated to preserving our Nation's history, nurturing patriotism, and honoring the service and sacrifice veterans have made.

Percent of respondents who rate national cemetery appearance as excellent	96%	97%	97%	98%	98%	99%	100%
Percent of respondents who would recommend the national cemetery to veteran families during their time of need	97%	98%	97%	97%	98%	99%	100%
Percent of headstones and/or markers in national cemeteries that are at the proper height and alignment	N/A	N/A	N/A	64%	65%	66%	90%
Percent of headstones, markers, and niche covers that are clean and free of debris or objectionable accumulations	N/A	N/A	N/A	76%	78%	80%	90%
Percent of gravesites that have grades that are level and blend with adjacent grade levels	N/A	N/A	N/A	79%	80%	80%	95%

\*Corrected

## Performance Measures by Strategic Goal and Objective

Strategic Goal/Measure	Actual				Plan		Strategic Target
	2001	2002	2003	2004	2005 (Final)	2006 (Initial)	

**Enabling Goal: Deliver world-class service to veterans and their families by applying sound business principles that result in effective management of people, communications, technology, and governance.**

Objective E-1: Recruit, develop, and retain a competent, committed, and diverse workforce that provides high-quality service to veterans and their families.

Percent of cases using alternate dispute resolution (ADR) techniques (BCA)	29%	54%	58%	60%	72%	73%	75%
Percentage of VA employees in the GS-13 to SES range who are members of minority groups (HR&A)	N/A	N/A	22.9%	23.5%	24%	24%	24%

Objective E-2: Improve communications with veterans, employees, and stakeholders about the Department's mission, goals, and current performance as well as the benefits and services VA provides.

Percent of VA employees who indicate they understand VA's strategic goals (OPPP)	N/A	65%	75%	75%	80%	80%	90%
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Objective E-3: Implement a *One VA* information technology framework that supports the integration of information across business lines and that provides a source of consistent, reliable, accurate, and secure information to veterans and their families, employees, and stakeholders.

Number of business lines transformed to achieve a secure veteran-centric delivery process that would enable veterans and their families, to register and update information, submit claims or inquiries, and obtain status (IT)	N/A	N/A	N/A	0	0	0	8
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Objective E-4: Improve the overall governance and performance of VA by applying sound business principles, ensuring accountability, and enhancing our management of resources through improved capital asset management; acquisition and competitive sourcing; and linking strategic planning, budgeting, and performance planning.

Dollar value of 1st party and 3rd party collections:							
1st Party (\$ in millions)	\$231	\$486	\$685	\$742	\$860	\$1,364	\$1,030
3rd Party (\$ in millions)	\$540	\$690	\$804	\$960	\$1,018	\$1,176	\$1,643
Ratio of collections to billings (expressed as a percentage)	31%	37%	41%	41%	41%	41%	41%
Documented increases in the use of joint procurement contracts	N/A	N/A	N/A	N/A	N/A	\$150M	\$200M
Cost - Obligations per unique patient user	N/A	\$4,928	\$5,202	\$5,562	\$5,792	\$6,240	TBD

\*Corrected



## Performance Measures by Strategic Goal and Objective

Strategic Goal/Measure	Actual				Plan		Strategic Target
	2001	2002	2003	2004	2005 (Final)	2006 (Initial)	
Efficiency - Average number of appointments per year per FTE	N/A	2,719	2,856	*2,413	2,553	3,062	TBD
Percentage of tort claims settled administratively (OGC)	83.4%	86.0%	86.0%	89.0%	89.0%	89.0%	90.0%
Percentage of planned business process reengineering studies of non-core, commercial, competitive functions initiated (per annum) (OPPP)	N/A	N/A	N/A	N/A	12%	18%	12%
Percent increase of EDI usage over base year of 1997 (OM)	178%	235%	320%	884%	900%	950%	1000%
Number of audit qualifications identified in the auditor's opinion on VA's Consolidated Financial Statements (OM)	0	0	0	0	0	0	0
Number of material weaknesses identified during the Annual Financial Statement Audit or Identified by Management (OM)	12	6	5	4	2	1	0
Decrease underutilized space (TBD) as compared to overall space to 30% or less (29,507,611 Baseline) (OAEM)	N/A	N/A	N/A	Baseline	TBD	TBD	30%
Increase Annual Percent Condition Index from 2005 baseline (OAEM)	N/A	N/A	N/A	N/A	Baseline	TBD	TBD
Decrease Non Mission Dependent assets from 2005 baseline (OAEM)	N/A	N/A	N/A	N/A	Baseline	TBD	TBD
Decrease operating and maintenance costs adjusting for inflation from 2004 (\$11,386,528,347 Baseline) (OAEM)	N/A	N/A	N/A	Baseline	TBD	TBD	TBD
Number of indictments, arrests, convictions, administrative sanctions, and pretrial diversions:	1,655	1,621	1,894	*1,917	2,004	2,004	2,500
Number of Arrests	401	452	624	*642	645	645	820
Number of Indictments	376	357	349	397	400	400	470
Number of Convictions	337	331	417	332	335	335	395
Number of Administrative Sanctions	541	481	484	522	600	600	780
Number of Pretrial Diversions	N/A	N/A	20	24	24	24	35
Number of Reports issued:	136	169	(1) 182	(2) 223	198	210	236
Combined Assessment Reviews (CAPs) - Total	26	33	42	52	60	64	76
VHA CAPs	22	21	34	40	48	48	57
VBA CAPs	4	12	8	12	12	16	19
Audit Reports	26	26	24	24	30	34	40
Pre-and Post-Award Contract Reviews	48	60	65	105	64	65	70
Healthcare Inspection Reports	22	37	24	26	29	32	35
Administrative Investigations	14	12	21	11	15	15	15

\*Corrected

## Performance Measures by Strategic Goal and Objective

Strategic Goal/Measure	Actual				Plan		Strategic Target
	2001	2002	2003	2004	2005 (Final)	2006 (Initial)	
Value of monetary benefits (\$ in millions) from:	\$4,189	\$878	\$157	*(3) \$3,228	\$924	\$939	\$970
IG Investigations	\$52	\$85	\$64	*\$320	\$67	\$67	\$70
IG audits	\$4,095	\$730	\$8	\$2,104	\$792	\$807	\$825
IG contract reviews	\$42	\$62	\$82	\$661	\$65	\$65	\$75
Customer Satisfaction:							
Combined Assessment Program Reviews	N/A	4.4	4.1	4.5	4.6	4.7	5.0
Investigations	4.8	4.8	4.9	4.9	5.0	5.0	5.0
Audit	4.2	4.3	4.2	4.6	4.7	4.8	5.0
Contract Reviews	4.7	4.9	4.5	4.6	4.7	4.8	5.0
Healthcare Inspections	4.2	4.7	4.4	4.4	4.5	4.6	5.0
<p>(1) Includes 5 CAP summary reports that are not counted in the CAP total and 1 joint review with DoD.</p> <p>(2) Includes 3 CAP summary reports that are not counted in the CAP total and 2 joint reviews completed by OIG Offices of Investigation, Audit, and Healthcare Inspection.</p> <p>(3) This figure includes monetary benefits produced by the OIG Office of Healthcare Inspections and OIG Hotline Division. The nature of the activity of these offices does not generally result in monetary benefits significant for separate performance reporting.</p>							

\*Corrected

## Performance Measures by Program

Organization/Program/Measure	Actual				Plan		Strategic Target
	2001	2002	2003	2004	2005 (Final)	2006 (Initial)	

### Veterans Health Administration

P&F ID Codes: 36-0152-0-1-703  
 36-0162-0-1-703 36-0165-0-7-703 36-0160-0-1-703;  
 36-4014-0-3-705; 36-8180-0-7-705; 36-4537-0-4-705

#### Medical Care Programs

<b>Resources</b>							
FTE	183,602	184,209	187,049	194,055	197,362	<b>193,650</b>	
Medical care costs (\$ in millions)	\$22,553	\$24,368	\$27,654	\$30,772	\$33,082	<b>\$34,299</b>	
<b>Performance Measures</b>							
Percent of patients rating VA health care service as very good or excellent:							
Inpatient	64%	70%	74%	74%	74%	<b>74%</b>	74%
Outpatient	65%	71%	73%	72%	73%	<b>73%</b>	73%
Percent of primary care appointments scheduled within 30 days of desired date	87%	89%	93%	94%	94%	<b>94%</b>	94%
Percent of specialty care appointments scheduled within 30 days of desired date (1) results as of 9/30, (2) reflects cum. for year, (3) eight clinical areas now included instead of five	84% (1)	86% (1)	89% (2)	93% (3)	93% (3)	<b>93%</b>	93%
Percent of patients who report being seen within 20 minutes of scheduled appointments at VA health care facilities	63%	65%	67%	69%	67%	<b>68%</b>	90%
Percent of veterans returning from a combat zone who respond "yes completely" to survey questions regarding how well they perceive that their VA provider listened to them and if they had trust and confidence in their VA provider	N/A	N/A	N/A	N/A	Baseline	<b>TBD</b>	72%
Clinical Practice Guidelines Index	N/A	Baseline	70%	77%	77%	<b>77%</b>	80%
Prevention Index II	80%	82%	83%	88%	88%	<b>88%</b>	88%
Percent of outpatient encounters that have electronic progress notes signed within 2 days	N/A	N/A	N/A	84%	85%	<b>86%</b>	87%
Dollar value of 1st party and 3rd party collections:							
1st Party (\$ in millions)	\$231	\$486	\$685	\$742	\$860	<b>\$1,364</b>	\$1,030
3rd Party (\$ in millions)	\$540	\$690	\$804	\$960	\$1,018	<b>\$1,176</b>	\$1,643
Ratio of collections to billings (expressed as a percentage)	31%	37%	41%	41%	41%	<b>41%</b>	41%
Cost - Obligations per unique patient user	N/A	\$4,928	\$5,202	\$5,562	\$5,792	<b>\$6,240</b>	TBD
Efficiency - Average number of appointments per year per FTE	N/A	2,719	2,856	*2,413	2,553	<b>3,062</b>	TBD
Percentage of VAMCs contracted to serve as TRICARE network providers	N/A	N/A	N/A	N/A	N/A	<b>80%</b>	90%
Documented increases in the use of joint procurement contracts	N/A	N/A	N/A	N/A	N/A	<b>\$150M</b>	\$200M
Implementation guides developed for those Consolidated Health Informatics Standards adopted by VA and DoD	N/A	N/A	N/A	N/A	N/A	<b>2</b>	9

\*Corrected



## Performance Measures by Program

Organization/Program/Measure	Actual				Plan		Strategic Target
	2001	2002	2003	2004	2005 (Final)	2006 (Initial)	
<i>Special Emphasis Programs</i>							
Increase non-institutional long-term care as expressed by average daily census (1) Recalculated to include residential community care program ADC	N/A	24,126 (1)	24,413 (1)	*25,523	30,118	35,540	43,098
Prevention Index II (Special Populations)	N/A	N/A	80%	86%	86%	86%	86%
Percent of veterans who were discharged from a Domiciliary Care for Homeless Veterans (DCHV) Program, or Community-based Contract Residential Care (HCHV) Program to an independent or a secured institutional living arrangement	N/A	65%	72%	79%	79%	80%	80%
Percent of appointments for specialty health care services scheduled within 30 days of desired date for veterans and service members returning from a combat zone	N/A	N/A	N/A	N/A	Baseline	TBD	90%
Percent of appointments for primary care scheduled within 30 days of desired date for veterans and service members returning from a combat zone	N/A	N/A	N/A	N/A	Baseline	TBD	94%
Medical residents and other trainees' scores on a VHA Survey assessing their clinical training experience	84	83	83	83	85	85	85
Percent of admission notes by residents that have a note from attending physician within one day of admission: Medicine Psychiatry Surgery							
	N/A	N/A	N/A	N/A	Baseline	TBD	95%
	N/A	N/A	N/A	N/A	Baseline	TBD	95%
	N/A	N/A	N/A	N/A	Baseline	TBD	95%

P&F ID Codes: 36-0161-0-1-703; 36-0160-0-1-703;  
36-4026-0-3-703

### Medical Research

<b>Resources</b>							
FTE	3,019	6,470	6,575	6,798	6,201	5,931	
Research cost (\$ in millions)	\$877	\$964	\$1,022	\$1,076	\$1,033	\$1,029	
<b>Performance Measures</b>							
Percentage of clinicians who remain in the VA health care system for at least three years after completion of their career development award period	N/A	N/A	N/A	N/A	Baseline	58%	70%
Number of discovery disclosures by VA investigators	N/A	N/A	N/A	N/A	Baseline	169	217
Number of peer-reviewed publications by VA investigators	N/A	N/A	N/A	N/A	Baseline	2,590	2,700

\*Corrected



## Performance Measures by Program

Organization/Program/Measure	Actual				Plan		Strategic Target
	2001	2002	2003	2004	2005 (Final)	2006 (Initial)	

### Veterans Benefits Administration

Compensation		P&F ID Codes:		36-0102-0-1-701		36-0134-0-1-701	
Resources							
FTE	8,035	6,985	7,346	7,568	7,515	7,628	
Benefits cost (\$ in millions)	\$20,255	\$22,453	\$24,822	\$26,472	\$29,039	\$31,645	
Administrative cost (\$ in millions)	\$564	\$603	\$728	\$789	\$853	\$848	
Performance Measures							
National accuracy rate (core rating work) % (Compensation)	80%	80%	86%	87%	88%	90%	98%
Rating-related compensation actions - average days pending	186	179	*114	120	119	119	78
Overall satisfaction (Compensation)	52%	55%	55%	55%	55%	58%	90%
Average days to process - DIC actions (Compensation)	133	172	153	*126	120	100	90
Non-rating compensation actions - average days to process	55	57	*49	50	66	62	17
Non-rating compensation actions - average days pending	98	93	*95	94	105	99	47
National accuracy rate (compensation authorization work)	69%	83%	88%	90%	92%	93%	98%
Out of all original claims filed within the first year of release from active duty, the percentage filed at a BDD site prior to a service member's discharge	N/A	N/A	N/A	N/A	N/A	53%	65%
Average number of days to initiate development of remands at the Appeals Management Center	N/A	N/A	N/A	N/A	N/A	15	15
Percent of veterans in receipt of compensation whose total income exceeds that of like circumstanced veterans (Comp)	N/A	N/A	N/A	** TBD	** TBD	** TBD	50%
Percent of compensation recipients who were kept informed of the full range of available benefits (Comp)	39%	40%	42%	** TBD	** TBD	** TBD	60%
Percent of compensation recipients who perceive that VA compensation redresses the effect of service-connected disability in diminishing the quality of life (Comp)	N/A	N/A	N/A	** TBD	** TBD	** TBD	70%

\*Corrected

## Performance Measures by Program

Organization/Program/Measure	Actual				Plan		Strategic Target
	2001	2002	2003	2004	2005 (Final)	2006 (Initial)	
Percent of DIC recipients above the poverty level (Comp)	N/A	N/A	N/A	99%	** TBD	** TBD	100%
Percent of DIC recipients who are satisfied that the VA recognized their sacrifice (Comp)	N/A	N/A	N/A	80%	** TBD	** TBD	90%
Compensation & Pension rating-related actions - average days to process	181	223	182	166	145	145	125
National accuracy rate (fiduciary work) % (Compensation & Pension)	68%	84%	77%	81%	88%	90%	98%
Telephone activities - abandoned call rate % (Compensation & Pension)	6%	9%	9%	7%	3%	3%	3%
Telephone activities - blocked call rate % (Compensation & Pension)	3%	7%	3%	2%	2%	2%	2%
Fiduciary Activities - Initial Appt. & Fiduciary - Beneficiary Exams (completed) (%) (Compensation & Pension)	13%	9%	11%	12%	6%	6%	4%
Fiduciary Activities - Initial Appt. & Fiduciary - Beneficiary Exams (pending) (%) (Compensation & Pension)	N/A	16%	20%	14%	8%	8%	4%
** Pending Program Outcome Study. Study was cancelled in 2004 because of the new Disability Compensation Commission. Study will be conducted in CY 2005.							

### *Pension*

P&F ID Code: 36-0154-0-1-701; 36-0143-0-1-701

<b>Resources</b>							
FTE	N/A	1,791	1,827	1,535	1,444	1,459	
Benefits cost (\$ in millions)	\$3,018	\$3,173	\$3,226	\$3,342	\$3,408	\$3,470	
Administrative cost (\$ in millions)	\$142	\$155	\$152	\$153	\$148	\$157	
<b>Performance Measures</b>							
National accuracy rate (core rating-related pension work)	78%	80%	91%	93%	93%	93%	98%
Rating-related pension actions - average days pending	129	100	98	77	69	69	65
Overall satisfaction rate (Pension)	63%	65%	65%	65%	65%	66%	90%
Non-rating pension actions - average days to process	59	65	67	58	73	73	21
Non-rating pension actions - average days pending	124	90	61	102	73	73	38
National accuracy rate (authorization pension work) (%)	62%	76%	81%	84%	84%	84%	98%

\*Corrected

## Performance Measures by Program

Organization/Program/Measure	Actual				Plan		Strategic Target
	2001	2002	2003	2004	2005 (Final)	2006 (Initial)	
Percent of pension recipients who were informed of the full range of available benefits	40%	38%	39%	40%	40%	40%	60%
Percent of pension recipients who said their claim was very or somewhat fair	63%	65%	62%	53%	53%	53%	75%
Compensation & Pension rating-related actions - average days to process	181	223	182	166	145	145	125
National accuracy rate (fiduciary work) (%) (Compensation & Pension)	68%	84%	77%	81%	88%	90%	98%
Telephone activities - abandoned call rate (Compensation & Pension)	6%	9%	9%	7%	3%	3%	3%
Telephone activities - blocked call rate (Compensation & Pension)	3%	7%	3%	2%	2%	2%	2%
Fiduciary Activities - Initial Appt. & Fiduciary - Beneficiary exams (completed) (%) (Compensation & Pension)	13%	9%	11%	12%	6%	6%	4%
Fiduciary Activities - Initial Appt. & Fiduciary - Beneficiary exams (pending) (%) (Compensation & Pension)	N/A	16%	20%	14%	8%	8%	4%

P&F ID Codes:      36-0137-0-1-702;      36-8133-0-7-702;  
36-0133-0-1-702

### *Education*

<b>Resources</b>							
FTE	852	864	866	841	888	874	
Benefits cost (\$ in millions)	\$1,425	\$1,756	\$2,120	\$2,417	\$2,787	\$3,018	
Administrative costs (\$ in millions)	\$64	\$75	\$69	\$78	\$101	\$103	
<b>Performance Measures</b>							
Montgomery GI Bill usage rate (%): All program participants (Education)	58%	56%	58%	59%	61%	62%	70%
Montgomery GI Bill usage rate (%): Veterans who have passed their 10-year eligibility period (Education)	N/A	N/A	66%	66%	67%	67%	70%
Percent of Montgomery GI Bill participants who successfully completed an education or training program	N/A	N/A	N/A	N/A	N/A	TBD	TBD
Percentage of beneficiaries that believe their VA educational assistance has been either very helpful or helpful in the attainment of their educational or vocational goal	N/A	N/A	N/A	N/A	N/A	TBD	TBD

\*Corrected



## Performance Measures by Program

Organization/Program/Measure	Actual				Plan		Strategic Target
	2001	2002	2003	2004	2005 (Final)	2006 (Initial)	
Customer satisfaction-high rating (Education) (1) estimated	86%	87%	89%	89% (1)	89%	89%	95%
Telephone Activities - Blocked call rate (Education)	45%	26%	13%	20%	22%	22%	10%
Telephone Activities - Abandoned call rate (Education)	13%	11%	7%	10%	9%	9%	5%
Payment accuracy rate (Education)	92%	93%	94%	94%	95%	95%	97%
Average days to complete original education claims	50	34	23	26	25	27	10
Average days to complete supplemental education claims	24	16	12	13	13	13	7

### *Vocational Rehabilitation and Employment*

P&F ID Codes:

36-0135-0-1-702;

36-0132-0-1-702

<b>Resources</b>							
FTE	1,061	1,057	1,091	1,105	1,102	1,123	
Benefits cost (\$ in millions)	\$426	\$487	\$515	\$552	\$590	\$634	
Administrative costs (\$ in millions)	\$109	\$119	\$116	\$124	\$149	\$147	
<b>Performance Measures</b>							
Speed of entitlement decisions in average days (VR&E)	62	65	63	57	62	60	60
Accuracy of decisions (Services) % (VR&E)	79%	81%	82%	86%	88%	90%	96%
Rehabilitation rate % (VR&E)	65%	62%	59%	62%	66%	66%	70%
Customer satisfaction (Survey) % (VR&E)	76%	77%	N/A	N/A	81%	82%	92%
Accuracy of program outcomes (VR&E)	N/A	81%	81%	94%	90%	92%	95%
<b>Common Measures</b>							
Percent of participants employed first quarter after program exit (VR&E) (1)	N/A	N/A	N/A	N/A	TBD	TBD	TBD
Percent of participants still employed three quarters after program exit (VR&E) (1)	N/A	N/A	N/A	N/A	TBD	TBD	TBD
Percent change in earnings from pre-application to post-program employment (VR&E) (1)	N/A	N/A	N/A	N/A	TBD	TBD	TBD
Average cost of placing participant in employment (VR&E) (1)	N/A	N/A	N/A	N/A	TBD	TBD	TBD

<sup>(1)</sup> These new Common Measures are in support of the President's Management Agenda to integrate budget and performance. Targets for each measure are in development.

\*Corrected

## Performance Measures by Program

Organization/Program/Measure	Actual				Plan		Strategic Target
	2001	2002	2003	2004	2005 (Final)	2006 (Initial)	

### *Housing*

P&F ID Codes:      36-1119-0-1-704;      36-4025-0-3-704

<b>Resources</b>							
FTE	1,759	1,718	1,404	1,256	1,281	<b>1,076</b>	
Benefits cost (\$ in millions)	\$520	\$849	\$1,351	\$235	\$1,952	<b>\$102</b>	
Administrative costs (\$ in millions)	\$162	\$168	\$169	\$158	\$156	<b>\$157</b>	
<b>Performance Measures</b>							
Foreclosure avoidance through servicing (FATS) ratio % (Housing)	40%	43%	45%	44%	47%	<b>47%</b>	47%
Statistical quality index (Housing)	96%	97%	98%	98%	97%	<b>97%</b>	98%
Veterans satisfaction % (Housing) (1) No Housing survey was completed in 2004	94%	94%	95%	N/A (1)	96%	<b>96%</b>	95%
Home Purchase - Percent of active duty personnel and veterans who could not have purchased a home without VA assistance % (Housing)	N/A	N/A	N/A	N/A	TBD	<b>TBD</b>	TBD

### *Insurance*

P&F ID Codes:      36-0120-0-1-701;      36-4012-0-3-701;  
36-4010-0-3-701;      36-4009-0-3-701;      36-8132-0-7-701;  
36-8150-0-7-701;      36-8455-0-8-701;      36-0141-0-1-701

<b>Resources</b>							
FTE	507	479	493	490	513	<b>507</b>	
Benefits cost (\$ in millions)	\$2,571	\$2,709	\$2,655	\$2,539	\$2,626	<b>\$2,505</b>	
Administrative costs (\$ in millions)	\$41	\$40	\$40	\$42	\$45	<b>\$46</b>	
<b>Performance Measures</b>							
High customer ratings % (Insurance)	96%	95%	95%	96%	95%	<b>95%</b>	95%
Low customer ratings % (Insurance)	2%	3%	3%	2%	2%	<b>2%</b>	2%
Percentage of blocked calls % (Insurance)	3%	1%	0%	1%	2%	<b>2%</b>	1%
Average hold time in seconds (Insurance)	17	18	17	17	20	<b>20</b>	20
Average days to process insurance disbursements (Insurance)	2.8	2.6	2.4	1.8	2.7	<b>2.7</b>	2.7

\*Corrected



## Performance Measures by Program

Organization/Program/Measure	Actual				Plan		Strategic Target
	2001	2002	2003	2004	2005 (Final)	2006 (Initial)	

### National Cemetery Administration

P&F ID Codes: 36-0129-0-1-700; 36-0139-0-1-701

<b>Resources</b>							
FTE	1,385	1,633	1,655	1,492	1,553	1,566	
Benefits cost (\$ in millions)	\$111	\$135	\$143	\$153	\$169	\$171	
Administrative cost (\$ in millions):							
Operating costs	\$116	\$137	\$143	\$156	\$162	\$168	
State cemetery grants	\$24	\$41	\$26	\$34	\$36	\$32	
Capital construction	\$33	\$61	\$36	\$63	\$146	\$90	
<b>Performance Measures</b>							
Percent of veterans served by a burial option within a reasonable distance (75 miles) of their residence	72.6%	73.9%	75.2%	75.3%	78.3%	82.2%	90.0%
Average number of days to process a claim for reimbursement of burial expenses (Data tracked by VBA)	40	48	42	48	42	37	21
National Accuracy Rate for burial claims processed (Data tracked by VBA)	72%	85%	92%	94%	96%	96%	98%
Percent of respondents who rate the quality of service provided by the national cemeteries as excellent	92%	91%	94%	94%	95%	96%	100%
Percent of funeral directors who respond that national cemeteries confirm the scheduling of the committal service within 2 hours	75%	73%	73%	73%	75%	78%	93%
Cumulative number of kiosks installed at national and state veterans cemeteries	33	42	50	60	68	76	108
Percent of graves in national cemeteries marked within 60 days of interment	N/A	49%	72%	87%	88%	89%	90%
Percent of applications for headstones and markers for the graves of veterans who are not buried in national cemeteries processed within 20 days	N/A	N/A	N/A	N/A	Baseline	TBD	90%
Percent of headstones and markers ordered by national cemeteries for which inscription data are accurate and complete	N/A	N/A	N/A	98%	98%	99%	99%
Percent of headstones and markers that are undamaged and correctly inscribed	97%	96%	97%	97%	98%	98%	98%

\*Corrected

## Performance Measures by Program

Organization/Program/Measure	Actual				Plan		Strategic Target
	2001	2002	2003	2004	2005 (Final)	2006 (Initial)	
Percent of respondents who rate national cemetery appearance as excellent	96%	97%	97%	98%	98%	99%	100%
Percent of respondents who would recommend the national cemetery to veteran families during their time of need	97%	98%	97%	97%	98%	99%	100%
Percent of headstones and/or markers in national cemeteries that are at the proper height and alignment	N/A	N/A	N/A	64%	65%	66%	90%
Percent of headstones, markers, and niche covers that are clean and free of debris or objectionable accumulations	N/A	N/A	N/A	76%	78%	80%	90%
Percent of gravesites that have grades that are level and blend with adjacent grade levels	N/A	N/A	N/A	79%	80%	80%	95%

### Board of Veterans' Appeals

P&F ID Code: 36-0151-0-1-700

Resources							
FTE	455	448	451	440	440	434	
Administrative cost (\$in millions)	\$44	\$47	\$47	\$50	\$51	\$53	
Performance Measures							
Deficiency-free decision rate (BVA)	86.7%	87.6%	89.0%	93.0%	93.0%	94.0%	95.0%
Appeals resolution time (Days) (Joint measure with C&P) (BVA)	595	731	633	529	500	470	365
BVA Cycle Time (Days) (1) Includes veterans service organization time	182 (1)	86	135	98	150	140	120
Appeals decided per Veterans Law Judge (BVA)	561	321	604	691	592	575	668
Cost per case (BVA)	\$1,401	\$2,702	\$1,493	\$1,302	\$1,546	\$1,647	\$1,689

### Departmental Management

P&F ID Codes: 36-0151-0-1-700; 36-4539-0-4-705

Resources							
FTE	2,674	2,825	2,597	2,697	3,088	3,361	
Administrative costs (\$ in millions)	\$449	\$515	\$617	\$718	\$905	\$999	
Performance Measures							
Attainment of statutory minimum goals for small disadvantaged business expressed as a percent of total procurement (OSDBU)	32.6%	31.2%	31.8%	Data not yet available	23%	23%	23%
Percentage of VA employees in the GS-13 to SES range who are members of minority groups (HR&A)	N/A	N/A	22.9%	23.5%	24%	24%	24%
Percent of VA employees who indicate they understand VA's strategic goals (OPPP)	N/A	65%	75%	75%	80%	80%	90%

\*Corrected

## Performance Measures by Program

Organization/Program/Measure	Actual				Plan		Strategic Target
	2001	2002	2003	2004	2005 (Final)	2006 (Initial)	
Percent of Emergency Planners who have completed orientation (OPPP)	N/A	N/A	N/A	N/A	N/A	80%	100%
Percent of Under Secretaries, Assistant Secretaries, and Other Key Officials who self-certify their teams "ready to deploy" to their COOP site (OPPP)	N/A	N/A	N/A	N/A	N/A	100%	100%
Percent of cases using alternate dispute resolution (ADR) techniques (BCA)	29%	54%	58%	60%	72%	73%	75%
Percentage of tort claims settled administratively (OGC)	83.4%	86.0%	86.0%	89.0%	89.0%	89.0%	90.0%
Percent increase of EDI usage over base year of 1997 (OM)	178%	235%	320%	884%	900%	950%	1000%
Number of business lines transformed to achieve a secure veteran-centric delivery process that would enable veterans and their families, to register and update information, submit claims or inquiries, and obtain status (IT)	N/A	N/A	N/A	0	0	0	8
Number of audit qualifications identified in the auditor's opinion on VA's Consolidated Financial Statements (OM)	0	0	0	0	0	0	0
Percentage of planned business process reengineering studies of non-core, commercial, competitive functions initiated (per annum) (OPPP)	N/A	N/A	N/A	N/A	12%	18%	12%
Number of material weaknesses identified during the Annual Financial Statement Audit or Identified by Management (OM)	12	6	5	4	2	1	0
Decrease underutilized space (TBD) as compared to overall space to 30% or less (29,507,611 Baseline) (OAEM)	N/A	N/A	N/A	Baseline	TBD	TBD	30%
Increase Annual Percent Condition Index from 2005 baseline (OAEM)	N/A	N/A	N/A	N/A	Baseline	TBD	TBD
Decrease Non Mission Dependent assets from 2005 baseline (OAEM)	N/A	N/A	N/A	N/A	Baseline	TBD	TBD
Decrease operating and maintenance costs adjusting for inflation from 2004 (\$11,386,528,347 Baseline) (OAEM)	N/A	N/A	N/A	Baseline	TBD	TBD	TBD

\*Corrected



## Performance Measures by Program

Organization/Program/Measure	Actual				Plan		Strategic Target
	2001	2002	2003	2004	2005 (Final)	2006 (Initial)	

### Office of Inspector General

P&F ID Codes: 36-0170-0-1-705

<b>Resources</b>							
FTE	370	393	399	434	468	468	
Administrative cost (\$ in millions)	\$49	\$56	\$58	\$66	\$75	\$74	
<b>Performance Measures</b>							
Number of indictments, arrests, convictions, administrative sanctions, and pretrial diversions:	1,655	1,621	1,894	*1,917	2,004	2,004	2,500
Number of Arrests	401	452	624	*642	645	645	820
Number of Indictments	376	357	349	397	400	400	470
Number of Convictions	337	331	417	332	335	335	395
Number of Administrative Sanctions	541	481	484	522	600	600	780
Number of Pretrial Diversions	N/A	N/A	20	24	24	24	35
Number of Reports issued:	136	169	(1) 182	(2) 223	198	210	236
Combined Assessment Reviews (CAPs) -- Total	26	33	42	52	60	64	76
VHA CAPs	22	21	34	40	48	48	57
VBA CAPs	4	12	8	12	12	16	19
Audit Reports	26	26	24	24	30	34	40
Pre-and Post-Award Contract Reviews	48	60	65	105	64	65	70
Healthcare Inspection Reports	22	37	24	26	29	32	35
Administrative Investigations	14	12	21	11	15	15	15
Value of monetary benefits (\$ in millions) from:	\$4,189	\$878	\$157	*(3) \$3,228	\$924	\$939	\$970
IG Investigations	\$52	\$85	\$64	*\$320	\$67	\$67	\$70
IG audits	\$4,095	\$730	\$8	\$2,104	\$792	\$807	\$825
IG contract reviews	\$42	\$62	\$82	\$661	\$65	\$65	\$75
<b>Customer Satisfaction:</b>							
Combined Assessment Program Reviews	N/A	4.4	4.1	4.5	4.6	4.7	5.0
Investigations	4.8	4.8	4.9	4.9	5.0	5.0	5.0
Audit	4.2	4.3	4.2	4.6	4.7	4.8	5.0
Contract Reviews	4.7	4.9	4.5	4.6	4.7	4.8	5.0
Healthcare Inspections	4.2	4.7	4.4	4.4	4.5	4.6	5.0
(1) Includes 5 CAP summary reports that are not counted in the CAP total and 1 joint review with DoD. (2) Includes 3 CAP summary reports that are not counted in the CAP total and 2 joint reviews completed by OIG Offices of Investigation, Audit, and Healthcare Inspection. (3) This figure includes monetary benefits produced by the OIG Office of Healthcare Inspections and OIG Hotline Division. The nature of the activity of these offices does not generally result in monetary benefits significant for separate performance reporting.							

\*Corrected



## Public Benefits

VA's inherent responsibility is to serve America's veterans and their families with dignity and compassion and to be their principal advocate for medical care, benefits, social support, and lasting memorials. VA promotes the health, welfare, and dignity of all veterans in recognition of their service to the Nation. VA positively impacts the lives of veterans and their families, as well as the Nation as a whole. As stewards for the government, VA strives to improve the efficiency, effectiveness, and management of all VA programs. The following are a few examples of VA innovation and desire to improve.

### *Medical Care*

The Veterans Health Administration (VHA) has four distinct missions: provide health care; provide health professional training; conduct medical research; and serve as backup to the Department of Defense and National Disaster Medical System. These missions not only serve veterans but provide benefits to the general public as well. Although the primary mission of VHA is to provide health care to veterans, VA's health care facilities are involved in advancing the prevention, diagnosis, and treatment of disease conditions prevalent in the veteran population as well as the non-veteran population. VHA has consistently improved the quality of care provided to veterans over the past several years. In September 2004, the Congress on Improving Chronic Care recognized VA for pioneering work and contributions in the care of the chronically ill. VA was recognized for its performance measurement procedures and electronic health record system; officials credited VA for influencing the national discussion of improving health care quality by leading through example.

VHA is participating with the Department of Health and Human Services (HHS) in an initiative to adopt uniform national standards throughout the Federal government for electronic health records. To date, 24 health care related standards have been approved for adoption. The VA electronic health record system is fully electronic, portable, and readily accessible. It was developed by VA employees working closely over time with clinicians and other end users. The electronic record system provides a single place for health care providers to review and update a patient's health record and order medications, special procedures, X-rays, diets, laboratory tests, and nursing orders.

Homelessness is a problem throughout the country, and approximately one-third of the adult homeless population is thought to be veterans. On any given day, as many as 250,000 male and female veterans may be living on the streets or in shelters. During the past year, more than 74,000 homeless and at-risk veterans received medical or mental health care from VA, and more than 20,000 veterans received transitional and supported housing, directly or in partnerships with grant

and per diem or contract residential care providers. Additionally, VA is participating in a collaborative initiative with the Departments of Housing and Urban Development and HHS to provide permanent housing, health care, and other supportive services to those experiencing chronic or long-term homelessness. The total cost of this pilot program is \$35 million with VA contributing \$5 million.

VHA has continued efforts to increase scientific career opportunities for under-represented minorities. These efforts include supporting institutional collaborations between VA and minority-serving institutions, involving students and faculty from these institutions partnered with VA mentors; providing applied training in research on VA-funded projects to participants ranging from high school students and college undergraduates to graduates and pre-doctoral students; and offering a supportive career path for mentored research within VA for people who have completed their clinical fellowships or doctoral training within the last 2 years. The program provides a full salary to awardees for 3 years. This program, modeled after successful programs offered by the National Institutes of Health and the Robert Wood Johnson Foundation, strengthens VHA's partnerships with historically black colleges and universities, Hispanic-serving institutions, tribal colleges and universities, and other institutions with sizeable concentrations of Asian Americans, Pacific Islanders, native Hawaiians and Alaska natives.

VA also developed a Web site entitled *VA Kids* designed to help young people understand what it means to be a veteran. The *VA Kids* Web page supports President George W. Bush's initiatives on education and volunteerism by providing an entertaining and informative way for young people to learn why veterans are special. The Web page contains information targeted for students in kindergarten through grade 12 and for teachers. *VA Kids* also has information about VA, Veterans Day, scholarships, student volunteer opportunities, rehabilitative and special events for disabled veterans, and links to veteran-related sites. For younger students, *VA Kids* has interactive activities such as puzzles, coloring pages, matching contests, and age-appropriate language to describe a number of patriotic topics. For older students, there is information on volunteer programs, scholarships, and more sophisticated educational resources, games, and reference links. The teachers' section contains additional information, links, and suggested classroom activities.

VA also provides backup medical services to DoD in time of war and to the National Disaster Medical System in times of national emergencies or natural disasters. For example, VA provided emergency assistance to the States of Florida, Mississippi, and Alabama in the aftermath of hurricanes Charley, Frances, Ivan, and Jeanne. VA augmented local hospitals with more than 300 VA health care workers to help care for the injured. Employees at VA facilities volunteered their time to help victims of the hurricanes by collecting donations such as non-

perishable food, personal hygiene items, and gift certificates to local businesses for disaster-area residents.

### ***Medical Research***

VA conducts medical research in a wide array of areas that address veterans' illnesses and disabilities and benefit the United States population as a whole. Some of the exciting advances in the past year included:

**New center for limb loss care:** VA awarded \$4.7 million over 5 years to researchers at its medical center in Providence, Rhode Island, to develop state-of-the-art care for veteran amputees, in collaboration with Brown Medical School and the Massachusetts Institute of Technology. The new "Center for Rebuilding, Regenerating and Restoring Function After Limb Loss" will provide patient care and conduct research in tissue engineering, neurotechnology, materials science, robotics, and advanced surgical techniques. VA expects the center to significantly improve outcomes for recent combat-injured veterans and other VA patients who have suffered amputation.

**Researchers link two molecules to multiple sclerosis nerve damage:** Scientists with VA, Yale, and University College London identified two molecules that may underlie nerve-fiber degeneration in secondary progressive multiple sclerosis (MS). MS is a disease of the central nervous system that attacks myelin, the protective coating around nerve fibers. The new finding is the first observation in humans of specific molecules that contribute to the degeneration of nerve fibers.

### ***Benefits***

VA's compensation program is critical to improving the quality of veterans' lives and that of their families. In 2004, over 2.5 million veterans received compensation benefits for disabilities incurred in or aggravated during military service. VA recognizes that certain veteran populations have unique needs or disabilities based on the circumstances of their service. The compensation program specifically addresses these populations. Regulations providing for presumptive service connection ease the veterans' burden of showing that certain medical conditions are related to service. Veterans covered include prisoners of war, those exposed to radiation in service or exposed to herbicides in Vietnam, and Gulf War veterans. New legislation continues to expand the list of presumptive conditions. The list now includes diabetes for veterans who were exposed to herbicides in Vietnam. It also includes unexplained chronic multi-symptom illnesses for veterans who served in the Southwest Asia Theater of Operations during the Gulf War.

A pension benefit is of critical importance to many low-income veterans. It is available to veterans with qualifying wartime service who are permanently and totally disabled, and to their survivors. War veterans who are age 65 or older and meet service and income requirements are also eligible to receive pension,

regardless of their current physical condition. Death pension is provided for surviving spouses and children of wartime veterans who died of nonservice-connected causes, subject to specific income limitations. Each year, over 500,000 veterans and their surviving family members receive benefits from VA's pension programs. The average age of veterans receiving pension benefits is 68 years old. In 2004, more than 342,000 veterans and more than 215,000 of their survivors received pension benefits.

VA's education programs assist veterans in readjusting to civilian life by helping them obtain affordable higher education. These programs enhance the Nation's competitiveness through the development of a more highly educated and productive workforce. About 321,800 veterans received Montgomery GI Bill program benefits in 2004. An independent evaluation of VA's education programs demonstrated a positive return on investment of 2 to 1 in the form of increased income taxes for every program dollar spent. The number of days to process an original education benefit claim will increase slightly in FY2006, primarily for three reasons. Implementation of the new chapter 1607 benefit authorized by P.L. 108-375 will still be ongoing as the unique requirements to administer the program are better understood. Migrating The Education Expert System (TEES) from its legacy operating environment into VBA's modern operating environment will result in a temporary reduction in processing efficiency that will be made up for in FY2007 and beyond. Finally, the continued increases in the amount and variety of education benefits made possible by several years of legislation are expected to result in increased volumes of original claims to be processed.

Each year, VA supports more than 200,000 veterans in their applications for home loans. The main purpose of the VA home loan program is to help veterans finance the purchase of homes with favorable loan terms and at a rate of interest that is competitive with the rate charged on other types of mortgage loans. While clearly of direct benefit to our veterans, this activity also impacts on local economies across the country.

VA's Vocational Rehabilitation and Employment (VR&E) program provides services to more than 55,000 disabled veterans annually. Eligible service-disabled veterans are given the assistance necessary to enable them to become employable and to obtain and maintain suitable employment to the maximum extent possible. VR&E also offers independent living services for severely disabled veterans who do not have employment potential.

In 2004, approximately 11,000 disabled veterans were successfully rehabilitated. This represents a 15 percent increase over the number rehabilitated during 2003.



## ***Burial***

VA honors veterans with a final resting place and lasting memorials that commemorate their service to the Nation. VA provides interment of veterans and eligible family members. In 2004, more than 93,000 decedents were interred in 120 VA national cemeteries.

VA provides headstones and markers for the graves of eligible persons in national, state, other public, and private cemeteries. Presidential Memorial Certificates, bearing the President's signature, are issued to recognize the contributions and service of honorably discharged deceased veterans. In 2004, VA processed nearly 351,000 applications for headstones and markers and issued more than 435,000 Presidential Memorial Certificates. VA also provides an American flag to drape the casket of an eligible deceased veteran. Far more veterans receive a headstone or marker, a Presidential Memorial Certificate, and/or an American flag from VA than are buried in a national cemetery because delivery of these benefits is not dependent on interment in a national cemetery.

In 2004, VA maintained more than 2.6 million graves and nearly 7,200 developed acres in a manner befitting national shrines, so that bereaved family members are comforted when they come to the cemetery for the interment, or later to visit the grave(s) of their loved one(s).

In 2004, VA launched a Web-based Nationwide Gravesite Locator system. This innovation will make it easier for anyone with Internet access to search for the gravesite locations of deceased family members and friends and to conduct genealogical research. The nationwide grave locator contains more than 3 million records of veterans and dependents buried in VA's 120 cemeteries since the Civil War. It also has records of some burials in state veterans' cemeteries and burials in Arlington National Cemetery (under the jurisdiction of the Department of the Army) from 1999 to the present. Making burial locations more accessible may bring more visitors to the honored resting places that VA considers national shrines and historical treasures.

## **New Appropriation Structure**

The Department of Veterans Affairs has restructured its budget request around nine major programs that more accurately aligns funding with each respective program. A major feature of the revised structure is aligning all costs and funding within each program. However, for the benefits programs, separate appropriations language is being submitted for the mandatory and discretionary portions of the budget in order to properly distinguish each type of funding under the Budget Enforcement Act. In addition, each of the new accounts will include their portion of funding from the minor and major construction appropriations, which would remain available until expended. Besides simplifying the way funds are requested, the new structure will allow VA to more readily determine the full costs of each program and shift resource decisions from inputs to results. Under the Administrative Provisions of the Department's budget, 5 percent of the administrative funding would be available through September 30, 2007, unless otherwise noted. The new account structure is described below.

## **Medical Programs**

### **Appropriations**

MEDICAL CARE BUSINESS LINE: Provides for a comprehensive, integrated health care delivery system that addresses the needs of the Nation's veterans by financing the operation, maintenance, administration, and capital investments from the following accounts that are required to address the health care needs of eligible veterans.

MEDICAL SERVICES: Provides for medical services in VA's comprehensive, integrated health care delivery system that addresses the needs of eligible veterans and certain dependent beneficiaries in VA medical centers, outpatient clinic facilities, contract hospitals, State homes, and outpatient programs on a fee basis. Hospital and outpatient care is also provided by the private sector for certain dependents and survivors of veterans under the Civilian Health and Medical Programs for the Department of Veterans Affairs (CHAMPVA). This is an annual, multi-year, and no-year account.

MEDICAL ADMINISTRATION: Provides for the management, security, and administration of the VA health care system through the operation of VA medical centers, other facilities, Veterans Integrated Service Networks (VISN) offices and facility director offices, chief of staff operations, quality of care oversight, all information technology hardware and software, legal services, billing and coding activities, procurement, financial management, and human

resource management. This appropriation also finances the National Program Administration, VHA headquarters, which provides corporate leadership and support to VA's comprehensive and integrated health care system with a Headquarters' staff that includes a capital facilities management and development process. This is an annual and multi-year account.

MEDICAL FACILITIES: Provides for the operations, maintenance, construction, and alteration of the capital infrastructure required to provide health care to the Nation's veterans. These costs include utilities, engineering, capital planning, leases, laundry and food services, grounds maintenance, trash removal, housekeeping, fire protection, pest management, facility repair, and property disposition and acquisition. This is an annual, multi-year, and no-year account. The capital investment accounts necessary to ensure VA's infrastructure is adequate to support the delivery of quality health care are within the Medical Facilities appropriation. These capital investment programs finance the following activities:

CONSTRUCTION, MAJOR (VHA PORTION): Provides for constructing, altering, extending, and improving any VA facility for the provision of health-care services, including planning, assessments of needs, architectural and engineering services, and site acquisition, where the estimated cost of a project is \$7 million or more or where funds for a project were made available in a previous major project account. This is a no-year account.

CONSTRUCTION, MINOR (VHA PORTION): Provides for constructing, altering, extending, and improving any VA facility for the provision of health-care services, including planning, architectural and engineering services, and site acquisition, where the estimated cost of a project is less than \$7 million. VA medical center projects with minor improvements components costing \$500,000 or more are funded from this account. This is a no-year account.

GRANTS FOR CONSTRUCTION OF STATE EXTENDED CARE FACILITIES: This account was approved on August 19, 1964, and authorized as an appropriation in 1965. Grants to States are to acquire or construct State nursing home and domiciliary facilities and to remodel, modify, or alter existing hospitals, nursing homes, and domiciliary facilities in State homes. A grant may not exceed 65 percent of the total cost of the project. Public Law 102-585 granted permanent authority for this program. Public Law 104-262 added Adult Day Health Care and another level of care that may be provided by State homes. This is a no-year account.

DEPARTMENT OF VETERANS AFFAIRS CAPITAL ASSET FUND: Provides for costs associated with the transfer and future transfers of real property, including costs of demolition, environmental remediation, maintenance and repair, improvements to facilitate the transfer, and administrative expenses. This account also finances costs associated with enhancing medical care services to veterans by improving, renovating, replacing, updating, or establishing patient care facilities through construction projects. Additionally, costs associated with the transfer, lease, or adaptive use of a structure or property under the jurisdiction of the Secretary that is listed on the National Register of Historic Places will be financed in this account. Receipts to this account will be realized from the transfer of real property to another department or agency of the United States, to a State (or a political subdivision of a state), or to any public or private entity, including an Indian tribe in accordance with P. L. 108-422. This is a no-year revolving fund.

DOD VA HEALTH CARE SHARING INCENTIVE FUND: Provides a minimum of \$15,000,000 for a joint incentive program to enable the Departments to carry out a program to identify and provide incentives to implement creative sharing initiatives at the facility, intra-regional, and nationwide levels. Public Law 107-314, the FY 2003 National Defense Authorization Act, section 721, requires each Secretary to contribute a minimum of \$15,000,000 from the funds appropriated to the Secretary's Department fund and to establish the fund effective October 1, 2003. This is a no-year account.

MEDICAL AND PROSTHETIC RESEARCH BUSINESS LINE: Supports research that facilitates and improves the primary function of VHA, which is to provide high-quality and cost-effective medical care to eligible veterans and contribute to the Nation's knowledge about disease and disability. This is a multi-year appropriation and no-year appropriation.

## **Special Funds**

MEDICAL CARE COLLECTIONS FUND: Provides medical collections that are used for specified purposes to support the health care for eligible veterans. Public Law 105-33, the Balanced Budget Act of 1997, established the Department of Veterans Affairs Medical Care Collections Fund (MCCF). It required that amounts collected or recovered after June 30, 1997, be deposited in the MCCF. The amounts collected in the fund are available only for: 1) VA medical care and services during any fiscal year; and 2) VA expenses for identifying, billing, auditing, and collecting amounts owed the government. VA has the authority to collect inpatient, outpatient, medication, and nursing home co-payments; authority for certain income verification; authority to recover third-party insurance payments from veterans for non-service



connected conditions; and authority to collect revenue from enhanced use leases. Public Law 108-7, the Consolidated Appropriations Resolution, 2003, granted permanent authority to recover pharmacy co-payments for outpatient medication. VA's authority to do income verification with the Social Security Administration and Internal Revenue Service was extended through September 30, 2008, by section 402(d) of Public Law 106-419, the Veterans Benefits and Health Care Improvement Act of 2000. Public Law 107-135, Department of Veterans Affairs Health Care Programs Enhancement Act of 2001, extended the authority to recover third party insurance payments from service connected veterans for nonservice-connected conditions through October 1, 2007. Public Law 108-199, the Consolidated Appropriations Act, 2004, requires revenue from the following accounts to be deposited into the MCCF beginning in 2004:

**Long-Term Care Co-Payments (formerly Veterans Extended Care Revolving Fund):** This account was established by Public Law 106-117, the Veterans Millennium Health Care and Benefits Act. This account receives per diems and co-payments from certain patients receiving extended care services as authorized in title 38, U.S.C., § 1701B. Amounts deposited in the account are used to provide extended care services.

**Compensated Work Therapy Program (formerly Special Therapeutic and Rehabilitation Activities Fund):** This program, established pursuant to the Veterans Omnibus Health Care Act of 1976, Public Law 94-581, approved October 21, 1976, provides a mechanism for furnishing rehabilitative services to certain veteran beneficiaries receiving medical care and treatment from VA. Funds to operate the various rehabilitative activities and provide therapeutic work for remuneration of patients and members in VA facilities are derived from contractual arrangements with private industry, non-profit organizations, and State and Federal entities. This is a self-sustaining activity that does not require an appropriation.

**Compensation and Pensions Living Expenses Program (formerly Medical Facilities Revolving Fund):** This program provides for operating expenses of VA medical facilities furnishing nursing home care to certain veterans who receive pensions. Title 38, U.S.C., provides that a veteran with no spouse or child will receive \$90 per month in pensions beginning the third full month following the month of admission to VA-furnished nursing home care. The difference between the \$90 the veteran receives and the amount otherwise authorized is transferred to this fund to cover the expenses of the facility furnishing the nursing home care. Public Law 105-368, Veterans Programs Enhancement Act of 1998, has granted permanent authority for the transfer of pensions funds in excess of \$90 per month from the Compensation and Pensions account, in accordance with the provisions of title 38, U.S.C. § 5503(a)(1)(B). This authority will be retroactive as of October 1, 1997.

**Parking Program (formerly Parking Revolving Fund):** VA collects parking fees for the use of parking facilities at VA facilities.

## **Other Revolving Funds**

MEDICAL CENTER RESEARCH ORGANIZATIONS: The Veterans' Benefits and Services Act of 1988, P.L. 100-322, authorized VA Research and Education Corporations to provide a mechanism whereby non-VA funds may be received and administered to perform research by a nonprofit corporation at any VA medical center.

CANTEEN SERVICE REVOLVING FUND: This fund finances the operation of canteens at all medical facilities. These activities are under the management of the Veterans Canteen Service, established by Congress in 1946. Income from sales makes this a self-sustaining activity.

## **Trust Funds**

GENERAL POST FUND: This trust fund consists of gifts, bequests, and proceeds from the sale of property left in the care of VA facilities by former beneficiaries who die leaving no heirs or without having otherwise disposed of their estates. Such funds are used to promote the comfort and welfare of veterans in hospitals and other facilities where no general appropriation is available for this purpose. In addition, donations from pharmaceutical companies, non-profit corporations, and individuals to support VA medical research are deposited in this fund.

## **Benefits Programs**

### **Appropriations**

DISABILITY COMPENSATION BUSINESS LINE: Provides for compensation payments to service-connected disabled veterans and their survivors and provides other benefits to veterans and their survivors. The restructured business line includes two appropriations and the expenditure transfer from DoD for the Reinstated Entitlement Program for Survivors (REPS). The Disability Compensation Benefits includes the compensation portion of the Compensation and Pensions account, the autos and other conveyances and adaptive equipment portion of the Readjustment Benefits account and the expenditure transfer from DoD for REPS. The Disability Compensation Administration account includes portions of the General Operating Expenses, a portion of what was Major Construction, and a portion of what was Minor Construction.

REINSTATED ENTITLEMENT PROGRAM FOR SURVIVORS: Restores benefits to certain surviving spouses or children of veterans who died of service-connected causes which occurred before August 13, 1981. Financing is provided in the form of offsetting collections from the Department of Defense.

PENSIONS BUSINESS LINE: Provides for Pensions payments, subject to an income standard, to war-time veterans who are permanently and totally disabled from non-service-connected causes and their survivors. The restructured Pensions business line includes two appropriations. The Pensions Benefits account includes the Pensions portion of the Compensation and Pensions account. The Pensions Administration account includes portions of the General Operating Expenses account, and a portion of what was Major Construction, and a portion of what was Minor Construction.

EDUCATION BUSINESS LINE: Provides payments for education and training for eligible veterans and dependents. Funding provided for this program consists of direct appropriations to this VA account, as well as offsetting collections received primarily from the Department of Defense. The new Education business line includes two appropriations and one trust fund, the Post-Vietnam Era Veterans Education Account. The Education Benefits account includes the consolidation of the educational assistance portion of the Readjustment Benefits account. The Education Administration account merges portions of the General Operating Expenses account, a portion of what was Major Construction, and a portion of what was Minor Construction.

## **Revolving Funds**

EDUCATION LOAN FUND: Provides education loans of up to \$2,500 a school year for certain dependents who are without sufficient funds to meet their expenses. Under the Federal Credit Reform Act of 1990, this fund now receives a direct appropriation for its administrative expenses, which it reimburses directly to the General operating expenses appropriation. Subsidy budget authority is provided for costs associated with loans obligated in 1992 and beyond. The program and direct loan financing activities of this account have been shown under the "Miscellaneous Veterans Programs Loan Fund" and the "Miscellaneous Veterans Programs Loan Fund Direct Loan Financing Account," respectively, in the President's budget. This program was terminated in 2003, due to lack of demand.

## Trust Funds

POST-VIETNAM ERA VETERANS EDUCATION ACCOUNT: Funding for this account consists of voluntary contributions by eligible servicepersons and Department of Defense matching contributions on behalf of specific servicepersons. The account serves as a depository and disbursing account for the contributory-matching education program which provides educational assistance payments to participants who entered the service between January 1, 1977 and June 30, 1985, and are pursuing training under chapter 32 (38 U. S. C.). Public Law 99-576, enacted October 28, 1986, permanently closed the program to new enrollees after March 31, 1987. However, the enactment of Public Law 101-510 allows servicepersons enrolled or eligible to enroll in the program who are involuntarily separated from the service on or after February 3, 1991, an opportunity to receive assistance under the Montgomery GI Bill (MGIB) program in lieu of Post-Vietnam Era Veterans Education Program (VEAP). Public Law 102-484 extended the same opportunity to certain servicepersons who voluntarily separated from the military on or after December 5, 1991. An opportunity to enroll in the MGIB program also was extended to Chapter 32 (and section 903) servicepersons, who were VEAP participants on October 9, 1996, under Public Law 104-275.

BURIAL BUSINESS LINE: This appropriation provides burial benefits to veterans and their survivors and funding for the administration of all functions associated with the National Cemetery Administration. Provides, upon request, for the interment in any national cemetery with available grave space the remains of eligible deceased service persons and discharged veterans (together with their spouses and certain dependents). The new Burial business line includes two appropriations. The Burial Benefits account includes the burial portion of the Compensation and Pensions account. To facilitate account restructuring and consolidation, the Burial Benefits account reflects budget information for the National Cemetery Gift Fund in the President's budget. The Burial Administration account merges the National Cemetery Administration, the burial administrative portion of the General Operating Expenses account, a portion of what was Major Construction, a portion of what was Minor Construction, and the Grants for the Construction of State Veterans Cemeteries.

GRANTS FOR THE CONSTRUCTION OF STATE VETERANS CEMETERIES: Grants to aid States in establishing, expanding or improving State veterans' cemeteries. A grant can be up to 100 percent of the total value of the land and the cost of improvement. Federal funding for the cost of initial equipment when the cemetery is established is also permitted. The States remain responsible for providing the land and paying for all costs related to the operation and maintenance of the state cemeteries, including the cost for subsequent equipment purchases.



#### VOCATIONAL REHABILITATION AND EMPLOYMENT BUSINESS LINE:

Provides eligible service-disabled veterans with services and assistance necessary to enable them to become employable and to obtain and maintain suitable employment to the maximum extent possible. The new Vocational Rehabilitation and Employment (VR&E) business line includes two appropriations. The VR&E Benefits account includes the vocational rehabilitation portion of the Readjustment Benefits account and the Vocational Rehabilitation Loans Program account. The VR&E Administration merges portions of the General Operating Expenses account, the administrative portion of Vocational Rehabilitation Loans Program, and a portion of what was Major Construction, and a portion of what was Minor Construction.

### **Revolving Funds**

VOCATIONAL REHABILITATION REVOLVING FUND: Loans (advances) of up to \$909.92 will be made in 2004 to disabled veterans eligible for vocational rehabilitation who are without sufficient funds to meet their expenses. Under the Federal Credit Reform Act of 1990, this fund now receives a direct appropriation for its administrative expenses, which it reimburses directly to the General Operating Expenses appropriation. Subsidy budget authority is provided for costs associated with loans obligated in 1992 and beyond. To facilitate account restructuring and consolidation, the program and direct loan financing accounts also have been shown under the "Miscellaneous Veterans Programs Loan Fund" and the "Miscellaneous Veterans Programs Loan Fund Direct Loan Financing Account," respectively, in the President's budget.

HOUSING BUSINESS LINE: The new Housing business line includes the consolidation of seven appropriations. The seven appropriation (on-budget) accounts are: the Veterans Housing Benefit Program Fund Program Account (mandatory and discretionary), Guaranteed Transitional Housing Loans for Homeless Veterans Program Account (mandatory and discretionary), Native American Housing Loan Program Account (mandatory and discretionary), Specially Adapted Housing Grants portion that was previously included under Readjustment Benefits (mandatory), a portion of what was the General Operating Expenses Account (discretionary), a portion of what was Major Construction (discretionary), and a portion of what was Minor Construction (discretionary). The Housing business line also includes the Veterans Housing Benefit Program Fund Liquidating Account (on-budget mandatory) and the following financing (off-budget mandatory) accounts: Veterans Housing Benefit Program Fund Direct Loan Financing Account, Veterans Housing Benefit Program Fund Guaranteed Loan Financing Account, Veterans Housing Benefit Program Fund Loan Sales Securities Account, Guaranteed Transitional Housing Direct Loan Financing Account, and Native American Housing Direct Loan Financing Account.

## Revolving Funds

VETERANS HOUSING BENEFIT PROGRAM FUND: The Veterans Housing Benefit Program Fund (VHBPF) reflects the loan financing activity in the Direct Loan Financing Account, Guaranteed Loan Financing Account, and the Loan Sales Securities Guaranteed Loan Financing Account. All direct and guaranteed loans made prior to September 30, 1991, are scored in the VHBPF Liquidating Account. Under the Federal Credit Reform Act of 1990, all direct and guaranteed loans made after September 30, 1991, are financed by subsidy appropriations to the VHBPF Program Account. This account also receives an appropriation for administrative expenses. The principal objective of the loan guaranty program is to encourage and facilitate the extension of favorable credit terms by private lenders to veterans for the purchase, construction, or improvement of homes to be occupied by veterans and their families.

GUARANTEED TRANSITIONAL HOUSING LOANS FOR HOMELESS VETERANS PROGRAM: This program was established in the Veterans Benefits Improvement Act of 1998, Public Law 105-368. The program is a pilot project designed to expand the supply of transitional housing for homeless veterans by authorizing the Secretary to guarantee loans for self-sustaining housing projects specifically designed to create long-term transitional housing for homeless veterans. VA may guarantee up to 15 loans with a maximum aggregate value of \$100 million. The project must enforce sobriety standards and provide a wide range of supportive services such as counseling for substance abuse and job readiness skills. Residents will be required to pay a reasonable fee. All funds authorized for this program were appropriated by the end of 2000; therefore, no appropriation language has been included in this budget. The guarantee loan financing activity of this account is shown under the "Native American and Transitional Housing Direct Loan Financing Account" in the President's budget.

NATIVE AMERICAN VETERANS HOUSING PROGRAM: This program was designed to test the feasibility of enabling VA to make direct home loans to Native American Veterans who live on U.S. trust lands. Annual appropriations are received for administrative expenses associated with this program. Indefinite subsidy budget authority was appropriated in 1993 and was initially available through September 30, 1997. Authority to continue this program was extended through December 31, 2001, pursuant to Public Law 105-114, Veterans Benefits Act of 1997. Public Law 107-103, Veterans Education and Benefits Expansion Act of 2001, further extended the authority for this program through December 31, 2005. The direct loan financing activity of this account is shown under the "Native American and Transitional Housing Direct Loan Financing Account" in the President's budget.

INSURANCE BUSINESS LINE: Provides payment for extra hazard costs to the National Service Life Insurance and United States Government Life Insurance funds, supplements the Service-Disabled Veterans Insurance Fund, and provides direct payment to policyholders. The new Insurance business line includes two appropriations. The Insurance Benefits account includes the Veterans Insurance and Indemnities. The Insurance Administration account merges portions of the General Operating Expenses account, a portion of what was Major Construction and a portion of what was Minor Construction. The Insurance business line administers six life insurance programs, including two trust funds, two public enterprise funds, a trust revolving fund, and Veterans Mortgage Life Insurance (VMLI), and supervises two additional programs for the benefit of servicepersons, veterans, and their beneficiaries. The Insurance appropriation is the funding mechanism for the following Government life insurance activities:

## **Public Enterprise Funds**

SERVICE-DISABLED VETERANS INSURANCE FUND: This program finances claim payments on non-participating policies issued to service-disabled veterans who served in the Armed Forces after April 25, 1951. The program provides insurance coverage for service-disabled veterans at standard rates. Claim payments exceed premium receipts each year. Funds are derived mainly from premiums and payments from the Veterans Insurance and Indemnities appropriation. Public Law 106-419 allowed for term premiums to be frozen, effective November 1, 2000, at the first renewal after the insured reaches age 70 and remain frozen thereafter.

VETERANS REOPENED INSURANCE FUND: Established in 1965 as the financing mechanism for a program authorizing reopening of National Service Life Insurance for one year, for certain disabled veterans of World War II and the Korean conflict. Operations are financed from premiums collected from policyholders and interest on investments.

## **Trust Funds**

NATIONAL SERVICE LIFE INSURANCE FUND: Started in 1940 as the financing mechanism for World War II insurance. Closed to new issues in 1951. Income is derived from premiums, interest on investments, and transfers from Veterans Insurance and Indemnities appropriation.

UNITED STATES GOVERNMENT LIFE INSURANCE FUND: Started in 1919 as the financing mechanism for converted insurance issued under the War Risk Insurance Act of 1914, as amended. Closed to new issues April 1951. Income is derived from interest on investments and transfers from the Veterans Insurance and Indemnities appropriation.

VETERANS SPECIAL LIFE INSURANCE FUND: Finances the payment of claims for the insurance program authorized for insurable veterans who served after April 1951 and before January 1, 1957. Income is derived mainly from premiums and interest on investments.

## **Departmental Administration**

### **Appropriations**

GENERAL ADMINISTRATION: This account provides for the Department's top management and administrative support, including data processing, fiscal, personnel and legal services. Operating expenses for the General Counsel's portion of credit reform will be appropriated in the new Housing Business line and be treated as a reimbursement to this account. Under the new account structure, the General Administration appropriation will request its portion of major and minor construction funding.

OFFICE OF THE INSPECTOR GENERAL: Responsible for the audit, investigation, and inspection of all Department of Veterans Affairs programs and operations. Under the new account structure, the Office of Inspector General appropriation includes a portion of Minor Construction.

### **Other Revolving Funds**

PERSHING HALL REVOLVING FUND: Established by Public Law 102-86 for the operation and maintenance of Pershing Hall, an asset of the United States located in Paris, France. Receipts generated by the operation of Pershing Hall are also deposited in the revolving fund. To facilitate account restructuring and consolidation, this account reflects budget information for the Nursing Home Revolving Fund and the Grants for the Republic of the Philippines in the President's budget.

NATIONAL CEMETERY GIFT FUND: Consists of gifts and bequests which are made for the purpose of beautifying national cemeteries or are made for the purpose of the operation, maintenance, or improvement of the National Memorial Cemetery of Arizona. The activity in this account has been merged with the National Cemetery Administration in the Burial Benefits business line in the President's budget.



## **Intragovernmental Funds**

SUPPLY REVOLVING FUND: Established in 1953, the Supply Fund is responsible for the operation and maintenance of a supply system for VA. Functioning as an intragovernmental fund, without fiscal year limitation, it seeks to assure the most timely, cost-effective acquisition of goods and services for VA programs. As a self-sustaining fund, the majority of its operating expenses are recovered through a mark-up on goods sold.

FRANCHISE FUND: VA was chosen as a pilot Franchise Fund agency under Public Law 103-356, the Government Management Reform Act of 1994. The pilot commenced in 1997, funded under VA's General Operating Expenses appropriation. VA's Franchise Fund is a revolving fund used to supply common administrative services on the basis of services supplied.